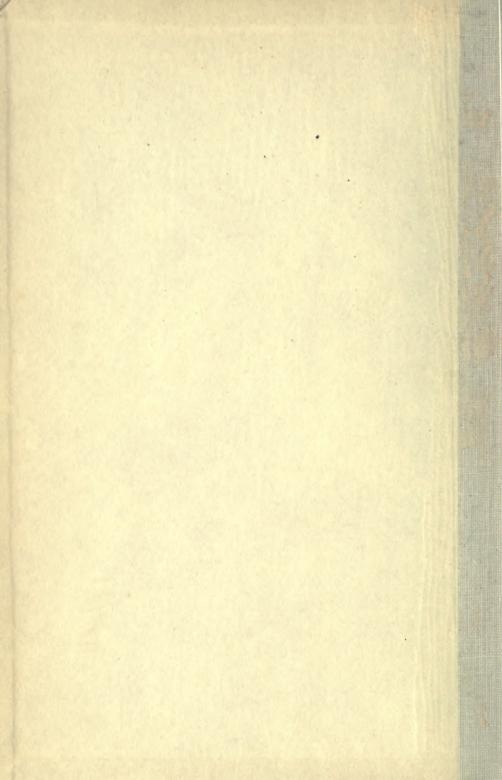
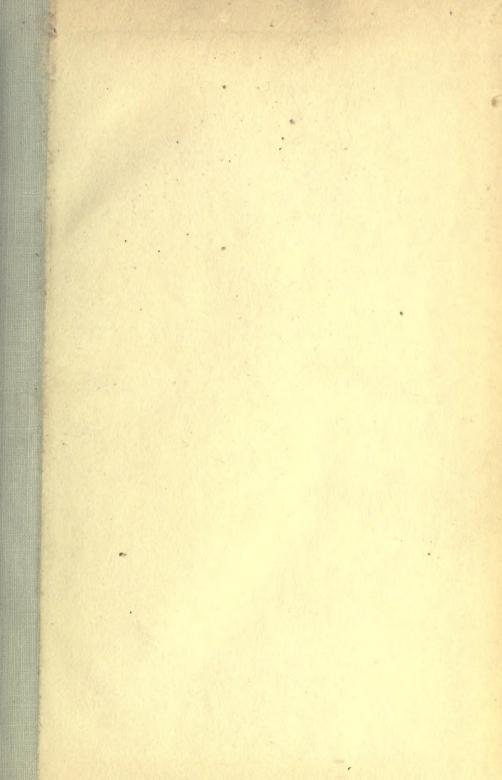
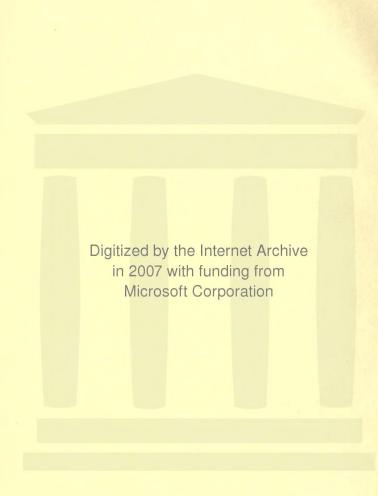
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SEXTY YEARS OF PROGRESSE.

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SIXTY YEARS OF PROGRESS: AND THE NEW FISCAL POLICY.

WORK AND WAGES:

In continuation of Lord Brassey's 'Work and Wages' and 'Foreign Work and English Wages.'

Vol. 1.- FOREIGN COMPETITION.

By SYDNEY J. CHAPMAN, M.A.

With an Introduction by Lord Brassey, K.C.B., D.C.L.

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SIXTY YEARS OF PROGRESS;

AND

THE NEW FISCAL POLICY

BY

LORD BRASSEY, K.C.B., D.C.L.

COMMANDER OF THE LEGION OF HONOUR; AUTHOR OF 'WORK AND WAGES' ETC.

'Fifty years of ever-broadening Commerce! Fifty years of ever-brightening Science! Fifty years of ever-widening Empire!'

SECOND EDITION.

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January 1906.

PREFACE

1

THE present volume is a revised and enlarged edition of a pamphlet published in 1904. Statistics have been brought up to date. The commentaries, as in the former edition, have been selected from the speeches of the leaders of public opinion on both sides, and from the writings of economists of authority. The aim has been to marshal facts and arguments into an ordered statement.

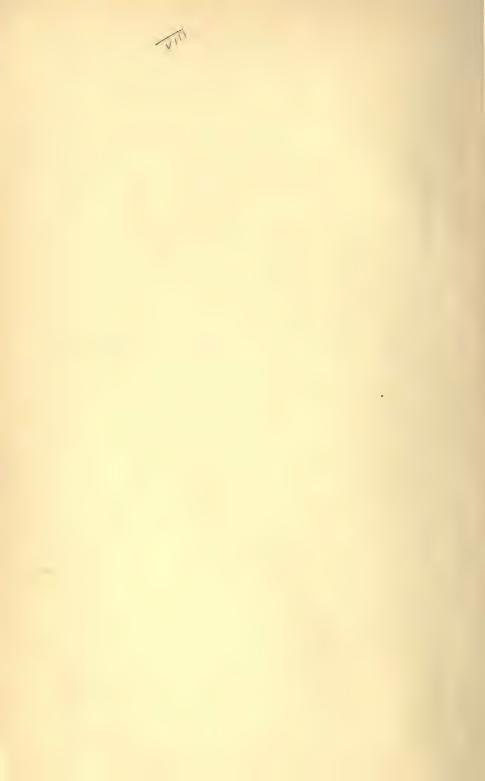
The earliest public efforts of the compiler were given to labour questions; the services of later years to the Colonies. Experiences thus gained have a bearing on fiscal policy.

To party leaders it is difficult to look at public questions apart from politics. Nor are keen competitors in industry and commerce impartial. The present writer has sought to present the facts as they really are.



CONTENTS

CHAPTE	R	PAGE
	INTRODUCTION	1
I.	MR. CHAMBERLAIN'S PROPOSALS	4
II.	GENERAL STATISTICS OF TRADE	7
III.	THREATENED INDUSTRIES	26
IV.	SOCIAL AND ECONOMIC CONDITIONS AT HOME AND	
	ABROAD: UNDER PROTECTION—UNDER FREE TRADE	44
∇.	DUTIES ON FOOD	64
VI.	BACK TO THE LAND	74
VII.	IMPERIAL UNITY BY TARIFFS	79
VIII.	TRADE IN NEUTRAL MARKETS	105
IX.	RETALIATION	117
X.	TARIFF WARS	132
XI.	DUMPING	186
XII.	FREE TRADE	143
XIII.	TRADING METHODS-TECHNICAL EDUCATION-SOCIAL	
	REFORM	158
XIV.	IMPERIAL CO-OPERATION	172
XV.	CONCLUSIONS	176
	APPENDIX	181
	INDEX	185



SIXTY YEARS OF PROGRESS;

AND

THE NEW FISCAL POLICY

INTRODUCTION

Governors who have served under Mr. Chamberlain well know how magnetic was his influence in all parts of the Empire. He had taken office as Secretary of State for the Colonies. It was a signal proof of his interest in their concerns. He had done honour to their official representatives on every fitting occasion. In private life he had been courteous and friendly. We are all one with Mr. Chamberlain in the cause of imperial unity: we differ only as to means.

Mr. Chamberlain's first pronouncement on tariffs came as a bolt from the blue. Nothing had occurred which seemed to call for sweeping changes in a fiscal system to which we have held for sixty years, and under which the country has greatly prospered. The unlooked-for manifestation of loyalty on the part of the Colonies, in sending their contingents to South Africa, had given proof to the world of the elasticity of our imperial resources. With no previous word of warning, Mr. Chamberlain sounded the note of alarm at the prospects of trade. At home he saw the markets invaded by goods dumped down by the

foreigner, liberally subsidised, and thus enabled to sell his productions abroad at prices below their cost. He saw the doors, once open, now closing against us everywhere. And there were the political considerations. This noble Empire, this proud and splendid heritage from our forefathers—all this was crumbling to decay. Disruption was imminent. What were the remedies for these evils? Against foreign competitors we were to wage a war of tariffs. They bar us out. Should we lie down and be trampled on? No. We would rise up. We would expel the foreigner from the land. We would trade only with our brethren-our brethren across the sea. They are few to-day. They will multiply under the stimulus of prosperity, great already—to be made greater still by preferential tariffs. They will supply all our food. They will take all our manufactures. Their allegiance, now wavering, will be restored by giving them the monopoly of our markets.

In Lord Rosebery's words, 'What do you think of it?' We know what many think of it. They are spellbound by the magic of skilful advocacy. Mr. Chamberlain is the more persuasive for others because so fully persuaded in his own mind. Like the advocate in a court of law, he sees only one thing at a time. He knows his own point of view. He has a policy and a plan. He is sure that he is right—sure of his arguments. Statistics—satisfactory to others—are in his view discouraging. We must not forget that Mr. Chamberlain was for long Secretary of State for the Colonies. As he himself told us, when meditating on things on the lonely veldt, Colonial interests seemed everything and the interests of the United

Kingdom scarcely more than parochial. Concentration on his own department has warped his judgment.

The new movement is helped forward not only by the commanding personality of the leader, but by the combination of many influences.

Among the industrials and the merchants, how few are as prosperous as they would wish! Many think they would do better if the foreigner were out of the way. There are those interested in the land, who sigh for a return to protection. Rents have declined. It is hoped that they would increase with higher prices for produce. And then there are the workers. They are the many; and the many govern. Speakers on both sides appeal to the workers. Protectionists insist on the numbers of the unemployed who would be in employment it foreign goods were kept out of our home markets. From the other side the workers hear of the cruel burden of taxes on food, with no possible compensation in higher wages or more work to do. How few of those who most enthusiastically applaud Mr. Chamberlain's oratory and read his persuasive speeches have examined, or could examine and collate, the facts for themselves! The reports of long speeches are repugnant. How much more repugnant are hundreds of pages of statistics! Never has a question been before the public of which it would be more true to say, using the words of Mr. Burke, 'there are but very few who are capable of comparing and digesting what passes before their eyes at different times and occasions, so as to be able to form the whole into a distinct system.'

CHAPTER I

MR. CHAMBERLAIN'S PROPOSALS

Outline of Mr. Chamberlain's | plans. In an address at Glasgow, Mr. Chamberlain gave the outlines of his plan, and his reasons for advocating changes which must materially affect our commerce.

The objects in view were:

- I. The closer union of the Empire by the method of preferential duties.
 - II. Power to negotiate with foreign countries.

In respect to taxes on food it was proposed:

To impose—

2s. a quarter on foreign corn, except maize.

A corresponding tax on flour such as 'to give a substantial preference to the miller.'

5 per cent. on foreign meat (except bacon) and dairy produce.

To remit-

 $\frac{3}{4}$ of the tea duty (i.e. $4\frac{1}{2}d$. per lb.).

 $\frac{1}{2}$ of the sugar duty (i.e. $\frac{1}{4}d$. per lb.).

A corresponding reduction on cocoa and coffee (i.e. 1d. a lb. on the manufactured article).

The loss to the Exchequer from remissions of duty was estimated at £2,800,000. As a means of making

good the deficiency of revenue, and as a protection to home industries, Mr. Chamberlain proposed an average ten per cent. duty on manufactured imports, higher or lower according as the article is more or less finished.

The detailed examination of the facts and the preparation of a Protective Tariff have been entrusted by Mr. Chamberlain to a Commission. They have recommended:

'(a) A General Tariff, consisting of a low scale of duties, for foreign countries which admit British wares on fair terms.

(b) A Preferential Tariff, lower than the General Tariff, for those of our Colonies which give adequate preference to British manufactures, and framed with a view to securing freer trade within the British Empire.

'(c) A Maximum Tariff, consisting of comparatively higher duties, but

subject to reduction by negotiation to the level of the General Tariff.'

Many estimates have been made as to the charge which would be thrown on the country under the new scheme. We may accept that of the Duke of Devon- Duke of shire, as given at the Queen's Hall meeting:

Devonshire.

'Mr. Chamberlain has calculated to a farthing the effect of his proposals upon the food bill of a working man. I observe he has not taken into his calculations the enhanced cost of all the articles which a working man cannot dispense with, in addition to his food. has not taken into account the enhanced cost of his house and his clothes, of his boots and shoes, of his household furniture, of his household utensils, of every article which you find in a workman's cottage, every one of which will be enhanced in cost by a 10 per cent. duty on manufactured articles. These calculations going down to a farthing are, I think, subject to some elements of error, but it ought to be more possible to estimate what the whole effect of this new Budget will

be to the consumer, to the revenue, and to the Colonies. I do not find any estimate in any of Mr. Chamberlain's speeches of this effect of his Budget. I have endeavoured to make some estimate of its probable result. I cannot give you-there would not be time to give you-the details; but I am prepared to assert, I do not say without fear of contradiction, because I know that I shall be contradicted, but I say it would be a moderate estimate to say that the Glasgow Budget would entail a loss to the consumer of at least thirty-five, and possibly fifty, millions or more, in return for which the revenue might gain a gradually diminishing sum, in proportion to the success of the scheme, of eight millions a year, and it would provide a subsidy-for it is nothing else-of two and a half millions to the Colonies.

CHAPTER II

GENERAL STATISTICS OF TRADE

REVIEWING the movements of British trade over long Universal spaces of time, the statistics make it plain that British League trade is dull and stagnant under the repressive influences of protection. Free trade is as the flowing tide. In the thirty years, 1801 to 1831, the Corn Laws and protection were in full force. The exports of British and Irish produce and manufactures fell away from £42,000,000 in 1801 to £37,000,000 in 1831. In the ten years 1831 to 1841 the Corn Laws and protective duties were first relaxed. In 1841 our exports had increased to a total of £52,000,000. the ten years 1841 to 1851, the great battle for free trade had been fought and won. The Corn Laws were repealed and protective taxes largely remitted. In 1851 our exports stood at £52,000,000. In the fiftythree years 1851 to 1903, protective taxes were entirely remitted. Exports have grown, not by steps, but by strides, not by strides, but by leaps and bounds. In 1904 the declared value of British exports was no less than £300,111,000.

How do we compare with foreign countries? We Comparabegan with a long lead. We have held our own in statistics. keen competition with the whole world.

I
Annual Exports per Head of the Population for the Quinquennial Periods beginning 1875-79

Average of Period		ed Ki	ngdom	France		Germany			United States			
	£	8.	d	£	8.	d.	£	77.	d.	<u>w</u>	8.	d.
1875-79	6	0	0	3	14	11	8	3	0	2	16	8
1880-84	6	18	2	3	13	5	3	8	8	8	5	11
1885-89	6	-8	8	3	9	3	3	5	6	2	11	10
1890-94	6	2	11	3	11	4	3	2	9	2	19	0
1895-99	5	19	5	3	14	8	3	7	2	2	18	4
1900-02	6	17	2	3	19	10	4	1	11	8	16	6
1904	6	19	7	4	7	2	4	4	1	3	18	5

Measuring the exports per head of the population, we are far ahead of Germany or any other of our competitors. We have a population a little larger than that of France, and we export £120,000,000 worth more. Our population is nearly twenty millions less than that of Germany, and we export £50,000,000 worth more. Our population is half that of the United States, and our export trade is equal to theirs.

Our latest trade statistics are record figures. In the increase of thirty-five millions in our exports, no less than thirty-one and a half millions consist of manufactures. In the aggregate increase of twenty-one and a half millions in our exports, fourteen and a half millions consist of raw materials. The latest movements of trade show clearly how groundless is the contention that we are losing our hold in foreign countries while the foreigner is gaining in our home markets.

Our trade with protected countries has been obstructed by tariffs. The obstruction has been less

marked in the case of America, Germany and France than in that of the United Kingdom. The reason is clear. It is on manufactured articles that protective tariffs chiefly press. Manufactured articles form 86 per cent. of the exports from the United Kingdom, as against Germany 44 per cent., France 54 per cent., United States 22 per cent. The table below is from the fiscal blue-books, 1904:

П VALUE OF EXPORTS (DOMESTIC) TO PRINCIPAL PROTECTED FOREIGN COUNTRIES

Year	From United Kingdom	From Germany	From France	From United States
1880 1902	Million £ 97·8 100·8	Million £ 90.5 129.1	Million £ 73·6 81·9	Million £ 52.7 88.7

Fiscal Bluebook. 1904.

Exports from the United Kingdom to protected countries show some reduction. The loss has been abundantly made good in the continuous progress of British trade with unprotected countries. This department of British trade will be more fully considered later.

In the trade with Austria, Russia, Switzerland, Holland, and Belgium—countries on her own border— Germany has local advantages over the United Kingdom. Protection would not bring us nearer to Continental markets.

Four times, at intervals of five years, the trade Board of position of the United Kingdom has been reviewed by Reports skilled and impartial observers at the Board of Trade. In 1888, Sir Robert Giffen gave special attention

to the relative progress of the United Kingdom and Germany. In Europe, Germany was running us hard in northern, France in southern countries; yet, in general, the proportion was higher for Great Britain than for France or Germany. Outside Europe the preponderance of the United Kingdom was beyond question, and in British possessions overwhelming. Similar reviews in 1894 and 1897 gave the same results.

In neutral markets, as it has been said, the United Kingdom holds the field.

VALUE OF EXPORTS (DOMESTIC) TO ALL MARKETS OTHER THAN THE PRINCIPAL PROTECTED FOREIGN COUNTRIES

Ш

Year	From United Kingdom	From Germany	From France	From United States
1880 1902	Million £ 125·3 176·8	Million £ 54.8 98.8	Million £ 65·1 88·2	Million £ 119 193⋅7

IV TRADE WITH IDENTICAL 'NEUTRAL' MARKETS

Value of Exports (Domestic) to Destinations outside the Group and other than the Principal Protected Countries

	From United Kingdom	From Germany	From France	From United States of America
Average of triennial period, 1880–1882 . Average of triennial period, 1900–1902 .	Million £ 182.8 172.7	Million & 25.5 50.9	Million £ 29.8 86.9	Million £ 28.8 78.1

Increase

United Stat	es			£49·3	millions
United King	gdom			39.9	22
Germany				25.4	99
France.				7.6	22

The rate of increase is greatest in the case of the The move-United States, followed by Germany, the United trade. Kingdom and France in order. Our competitors began from a low level; our position is still commanding. In 1900-1902 the total amount of exports for Germany and France together was £87,800,000, as against the United Kingdom £172,700,000.

The fiscal controversy turns specially on exports of Exports manufactures. The tables below are taken from the factures. fiscal blue-book, 1904.

VALUE OF EXPORTS OF MANUFACTURES TO PRINCIPAL PROTECTED FOREIGN COUNTRIES

Year	From United Kingdom	From France	From United States of America
1880 1902	Million £ 81.9 71.6	Million £ 36·1 38·0	Million £ No information 18.7

VI

VALUE OF EXPORTS OF MANUFACTURES TO DESTINATIONS OTHER THAN THE PRINCIPAL PROTECTED COUNTRIES

Year	From United Kingdom	From France	From United States of America
1880 1902	Million £ 115·0 150·1	Million £ 34.2 57.0	Million £ No information 65.8

It will be seen that the exports from the United Kingdom to both groups of markets preponderate greatly over those of France and the United States, although those countries together have more than three times our population.

Imports.

We have now to deal with imports. The Board of Trade have classified manufactured products under three heads: Class A articles completely manufactured and ready for consumption; Class B articles manufactured but requiring to pass through some further stage before entering into consumption; Class C articles partly manufactured.

VII NET IMPORTS FOR CONSUMPTION. (MILLIONS OF £)

	A	В	0	Total
1860	7.6	7.0	5.8	20.4
1870	15.5	20.4	9.5	45.4
1880	26.8	24.0	12.0	62.8
1890	31.6	27.4	15.2	74.2
1900	47.2	41.7	21.7	110.6
1902	53.0	42.1	20.0	115.1
1903	53.1	43.1	19.5	115.7

As in the exports so in the imports, an increasing proportion of the trade in manufactured goods consists of finished articles.

creased by $5\frac{1}{9}$ million £, or over 30 per cent. Imports from

The memorandum on the comparative statistics of trades in 1902, prepared by Sir Alfred Bateman, deals specially with manufactures. Comparing 1880-84 with 1896-1900, our imports from Germany increased to the extent of 3.7 million £; our exports to Germany in-

Memorandum Board of Trade. 1902.

Germany increased, though not considerably, in cotton, woollen, glass, and iron manufactures. In each of these articles our exports to all countries were far in excess of our imports from Germany. In 1896-1900 our annual imports of cotton manufactures from Germany averaged £698,000; our total exports of cotton goods were over £58,000,000. Imports of woollens from Germany, £1,048,000; exports to all countries, £15,700,000. Imports of iron and steel manufactures from Germany, £890,000; exports to all countries, £49,000,000. As the result of a survey extending over the five years 1896-1900, the Board of Trade had found 'in our home markets no material displacement of our home manufactures by Germany.'

In 1902, as in the preceding quinquennial reviews of trade, the official view of our position is reassuring. 'In spite of the strides made by Germany and the United States in recent years, we in the United Kingdom still preponderate greatly as a country manufacturing for export. Measured per head of the population, we are far ahead of Germany or any of our competitors. The imports per head are more than double those of any other countries; nearly five times the imports per head of the United States. And none of the countries named are gaining. Germany comes nearest to the United Kingdom. We are still far ahead both in the aggregate value of our trade and in the proportion of manufactured goods to our total exports.'

Turning to the balance of trade, it is contended by Balance of some that the excess of our imports over exports may lead to impoverishment. The excess is decreasing.

Adam Smith. Adam Smith has some observations which should be reassuring to those who look with apprehension on increasing imports. 'There is no commercial country in Europe of which the approaching ruin has not frequently been foretold by the doctors of the mercantile system, from an unfavourable balance of trade. . . . It does not appear that any nation has been in any respect impoverished by this cause. Every town and country, on the contrary, in proportion as they have opened their ports to all nations, instead of being ruined by this free trade, as the principles of the commercial system would lead us to expect, have been enriched by it.'

Chiozza-Money. So too a later authority, Mr. Chiozza-Money: 'We are enriched by our imports. Our exports impoverish us, unless, in return, we receive as good or better value in imports.'

Balance of Trade. Taking the year 1904, excluding bullion and specie, our imports exceeded our exports by £180,000,000. The excess of our imports over our exports represents the earnings of our shipping, and the dividends on foreign investments. We own half the world's shipping. The amount paid for freights was estimated by Sir Robert Giffen, in 1898, at £90,000,000. The sum received as annual interest on foreign investments is estimated by the Board of Trade at £62,500,000 as a minimum. It was estimated by Sir Robert Giffen, in 1898, at £90,000,000.

Foreign investments.

Earnings of ship-

ping.

Professor Bowley. Imports have increased relatively to exports, because, as Professor Bowley has pointed out, we are purchasing on more advantageous terms. 'Equal quantities of our exports are getting larger quantities of imports in return than twenty years ago. Equal effort on our part is

repaid by more and more foreign products. It is submitted that this is a true criterion of success in trade, and that this fact explains in part why the total value of our exports grows so slowly.'

The balance of trade is not adjusted by payment Bullion in gold. During the stress of the South African war our imports of gold exceeded our exports.

VIII GOLD AND BULLION

				Imported	Exported
1899				£32,533,000	£21,536,000
1900	4	a		26,190,000	18,397,000
1901				20,715,000	13,965,000
1902	•		4	21,629,000	15,406,000
1903				28,657,000	27,766,000

The same excess of imports is seen in the trade Excess of movements of all the leading industrial countries. Their imports aggregate £2,516,000,000, their exports £2,292,000,000. Imports exceed exports by no less than £224,000,000. It is certain, as Professor Smart Professor has said, that all the great nations are not going rapidly downhill. In the foreign trade of Germany the excess Germany. of imports over exports is constantly increasing. During the last ten years it has averaged £60,000,000.

The progress of trade with foreign countries may be The Home followed closely in the tables of the Board of Trade. In the home trade similar statistics are not available. The cotton industry excepted, the home market is more important than the foreign market for every branch of trade. The total wages bill of the United Kingdom has been estimated at £700,000,000 to £750,000,000;

the wages of those employed in producing goods for

our foreign customers at £130,000,000. The aggregate product of our British industries may be estimated at £1,000,000,000. Exports of manufactures were valued in 1904 at £243,000,000.

Traffic on railways.

The progress of our home trade may be measured by the traffic on our railways. The tonnage of goods carried increased from 424,000,000 tons in 1900 to 450,000,000 tons in 1904.

The Board of Trade gives other statistics by which our financial progress may be measured. Amount cleared at the London Bankers' Clearing House, annual average 1895–99, £7,981,000,000; 1904, £10,564,000,000, The registered companies carrying on business in the United Kingdom in April 1894 numbered 16,104; total paid-up capital £1,035,030,000. In 1904 the companies had increased to 33,033, and their capital to £1,900,000,000.

The statistics supplied by the Board of Trade show the growth of our home trade in value and quantity. The returns published by the Commissioners of Inland Revenue show that British trade is not, as protectionists contend, unprofitable. The figures below are from the table given in the last report of the Commissioners of Inland Revenue:

IX

_	Profits from Ownership of Lands. Schedule A	Ownership Occupation of Lands.		Profits from Trade. Schedule D	Saiaries Government and Public Companies. Schedule E
1894–1895 . 1908–1904 .	Million £ 208·124 251·784	Million £ 18.727 17.544	Million £ 88.644 44.947	Million £ 340.559 502.402	Million £ 1.040 86.079

TOTAL INCOME BROUGHT UNDER REVIEW

1894-1895			£657,097,077
1903-1904			£902,758,585

And how is this increasing wealth distributed? Sir Robert Giffen has shown that while the increase of property is enormous, there is no sensible increase in the amount of property per estate. The number of owners of personal property liable to probate duty has increased in the last fifty years more than the increase of population. Owners of property liable to probate duty are 15 per cent. richer than they were. The individual income of the working classes has increased from 50 to 100 per cent. The Commission on the Depression of Trade made special reference in their final report to the wider distribution of wealth: 'There Distriis distinct evidence that profits are becoming more wealth. widely distributed among the classes engaged in trade and industry. While the larger capitalists may be receiving a lower return than that to which they have been accustomed, the number of those who are making a profit, though possibly a small one, has largely increased.

For the mass of our population no test of progress can be more conclusive than the deposits in the Post Office and trustee savings banks, as given in the latest report of the Chief Registrar of Friendly Societies. The statistics were summarised in the 'Economist,' and are shown on the next page.

During the five years 1898-1903 the membership of friendly societies increased by two millions, and their accumulated funds by £9,750,000. Co-operative societies

X 1903

Savings of the people.

-	No. of Members	Funds
Building societies Friendly societies Co-operative societies Trade Unions Workmen's compensation schemes Friends of labour loan societies	601,204 18,414,182 2,171,642 1,575,875 117,619 88,590	66,197,227 47,666,118 45,869,891 5,260,186 181,432 258,808
Total registered provident societies .	17,918,612	164,988,157
	Depositors	Deposits
Railway savings banks	56,027 1,687,661 9,403,852	5,024,146 59,852,927 162,800,695
Total certified and Post Office Savings Banks	11,147,540	226,677,768
Grand total	29,061,152	391,610,925

increased their membership by half a million, and their assets by £13,233,330. In railway savings banks the depositors increased by nearly 12,000, and the deposits by £1,250,000, while in trustee and Post Office savings banks depositors increased in number by nearly two millions and deposits by upwards of £35,000,000. 'Having regard to the period of stress and strife, through which the country passed during the years under review,' remarks the Chief Registrar, 'the above results afford a gratifying indication of a

steady growth in the habits of thrift among the industrial population of the United Kingdom.'

For the workers all the conditions are improving. Wages. Earnings are greater, employment more regular, work less arduous, prices cheaper. In the opening chapter of his essay on 'National Progress in Wealth and Trade,' Professor Bowley deals with wages and the shifting of occupation: 'The average weekly rates of wages of all employments, taken together, advanced from 21s. 6d. in 1881 to 23s. 6d. in 1891 and 27s. 6d. in 1901—an increase of 29 per cent. The rate of increase in the last twenty years has been greater than in any previous period of equal length. Fewer have been employed in agricultural pursuits and more in building railways, in coal mines, and the iron and steel industries. Wages have risen in the building trades 15 per cent., in the engineering trades 15 per cent., in the iron and steel manufactures 30 per cent., in printing 7 per cent., for sailors 30 per cent., for agricultural labourers 10 per cent., for coalminers 30 per cent., in cotton about 10 per cent. The progress in the last decade has only been equalled in that immediately preceding.'

Statistics bearing on regularity of employment as Regugiven in the table below are not unsatisfactory:

employ-

		ZEA				
Averages			P	of T	age of Men rade Union t of Work	
1883-1887					7.2	
1888-1892					3.7	
1893-1897	,				5.4	
1898-1902			,		3.3	
1904					6.8	
1905					5.3	

Agricultural Labourer. The agricultural labourer has not been left behind in the general march of improvement.

XII

	Numbers employed	Daily rates of Wages	Aggregate earnings
1846 1895	8,519,000 2,527,000	Pence 12½ 20	£ per annum 56,700,000 65,800,000

Rents have not risen, while cottage accommodation has improved. And there are all the other advantages enumerated by Mr. A. Wilson Fox in the Board of Trade return: 'Labourers and their families have a greater quantity and a better quality of food than formerly. They furnish their cottages better, dress better, and have money to spend on trips, thus getting their views and ideas enlarged. Work is less arduous owing to shorter hours, the introduction of machinery, and better tools. There are more opportunities of obtaining allotments; education is free; sanitary arrangements and water supplies in the villages are better.'

Hours of Work. As to hours of work, in no other country are they fewer than with us. In no other country, as Professor Smart has truly said, is the half-holiday on Saturday and the whole holiday on Sunday so universal. Nor do we see in any other nation cities sending forth so many of their inhabitants for an annual holiday by the sea or in the country.

Pauper-

Thus far we have been tracing the growth of trade and the improvement in the condition of the mass of people. We turn to a darker page. The returns show no reduction in the numbers of the most necessitous. Adult able-bodied paupers have increased nearly as fast as the population. And there is a large residuum above the pauper class living in poverty. Remedial measures will be considered later. They will not be found in taxation of food nor in a return to protection.

Having passed in review all the leading statistics, we may conclude with some authoritative testimonies to the progress of the nation. Let us take first the conclusions of Sir Robert Giffen, for many years in charge of the statistical department of the Board of Trade:

'Whatever may be said as to the ideal perfection or Sir Robert imperfection of the present economic régime, the fact of so great an advance having been possible for the masses of the people in the last half-century is encouraging. The general result of a vast community living, as the British nation does, with all the means of healthy life and civilisation at command, is little short of a marvel, if we only consider for a moment what vices of anarchy and misrule in society have had to be rooted out to make this marvel. . . . Surely the lesson is that the nation ought to go on improving on the same lines, relaxing none of the efforts which have been so successful.

In his recent volume on national progress, Professor Professor Bowley sums up as follows:

Bowley.

'In the thirty years, 1872 to 1902, the total income subject to income tax increased from £482,000,000 to £902,000,000. In thirty years the amount assessed to income-tax has more than doubled. The tonnage of the mercantile marine from 4,800,000 tons to 10,000,000 tons; the deposits in savings banks from £59,000,000 to £213,000,000; the savings of the masses being largely invested in friendly, building, and co-operative societies. The population has increased by 10,000,000. We have sent more than an equal number of emigrants beyond the seas. Wages have advanced, and their purchasing power has greatly increased, while the hours of labour have diminished. Primary education is provided by the State. Employment is more regular than in protected countries. The building trades—a sure sign of prosperity—have been actively employed.'

The annual output of finished goods in Great Britain has increased year by year for half a century. The expansion may be measured by the consumption of raw materials. Comparing the years 1898–1902 with 1883–1887, we have used in manufactures 15 per cent. more cotton, 40 per cent. more wool, 18 per cent. more iron, 60 per cent. more lead, 80 per cent. more zinc, 85 per cent. more leather, and 60 per cent. more imported timber. Meanwhile the population has grown 14 per cent.

Mr. Balfour. We have the opinion of Mr. Balfour, as given in his pamphlet, with every source of information at command, and under the responsibility of First Minister of the Crown. 'Judged by all available tests, both the total wealth and the diffused well-being of the country are greater than they have ever been. We are not only rich and prosperous in appearance, but also, I believe, in reality. I can find no evidence that we are living on our capital.'

Mr. Chamberlain. The economic condition of the United Kingdom has been reviewed again and again by Mr. Chamberlain. In 1888 he said: 'The great fiscal and commercial measures of the last twenty years—i.e. 1842 to 1862—have wrought a wonderful change in the circumstances of the country. A complete revolution has taken place in many parts of our moral, social, and political system, which may be directly traced, either wholly or in great part, to the effects of those measures. . . . There have been seasons of temporary local and partial suffering, and the changes which have proved beneficial to the public have sometimes pressed hardly on particular interests; but upon the whole it can hardly be questioned that the condition of every portion of the community has been greatly improved by the new policy.'

Later, addressing the Colonial Conference, on the occasion of the Diamond Jubilee, Mr. Chamberlain said: 'Sir Robert Giffen's conclusions were much more favourable to this country than the general impression which seemed to exist. His investigations showed that, in regard at all events to the value of the trade, we were losing much less than was supposed, and what we lost in one direction was made up in another. To a certain extent that was confirmed by the general condition of things in this country. Take the present time: although there were always trades which were not doing well, there was no doubt that for the last few years the prosperity of this country had been remarkable and almost universal, and yet it was the case that certain trades had left us together. In his opinion, that was largely because the manufacturers engaged in them had found more profitable work to do; it was partly because they had not taken the trouble which they ought to have taken, and they might have cause to regret this whenever trade was bad in this country again The matter was one of very

great interest; but, having had considerable experience, having been himself at the Board of Trade for five years, he had not much confidence in good resulting from inquiry.'

Very shortly before he opened the fiscal campaign, at Birmingham, January 6, 1902, Mr. Chamberlain said: 'I have lately seen a good deal of discussion in the papers about the crisis in British industry. Well, if the crisis means an imminent and pressing danger, I think the accounts are altogether exaggerated. I see no signs of any imminent or pressing danger to the prosperity of this country. During the last five years we have enjoyed an absolutely unparalleled condition of trade, and although we cannot expect that this will last for ever, although there are some signs that trade is not so brisk as it was, still, to my mind, the prospects are extremely good, and I am not at all disposed to take a pessimistic view of the situation.'

With a population not comparable in numbers with the great nations of Continental Europe, confined within the narrow area of small islands, not surpassingly rich in natural resources, we have made our country in a large degree the workshop of the world, and its financial centre. Our success is due to the ability with which commerce and enterprise in all departments are conducted. It is due not less to freedom from the restrictions of protective tariffs. May we not therefore concur with Lord Rosebery, when he said: 'The burden of proof lies with those who attack our fiscal system. Had free trade failed us in the fifty-seven years of experience we have had of it, had we found ourselves with a shrinking

Lord Rosebery. trade, a diminished revenue, a population on the verge of poverty, we should long ago have reversed the whole system of free trade and reconsidered it. But we find ourselves, so far as all statistics can give us a clue, at a pinnacle of wealth such as no nation of the size has ever reached in the history of the world.'

CHAPTER III

THREATENED INDUSTRIES

WE have traced the continuous expansion of trade as shown in the sum total of our exports and imports. It has been said that certain industries have been ruined. Let us examine their condition.

Shipping

LLOYD'S REGISTER OF BRITISH AND FOREIGN SHIPPING, 1904-5

					Total tonnage		
						Steam	Sail
British E	mpire					14,866,527	1,714,318
United St	tates (S	lea)				1,311,208	1,279,144
France .						1,252,457	1,693,366
Germany						2,891,869	477,938
Italy .						720,209	1,187,566
Norway .	٠					1,017,248	1,717,654

In thirty years our tonnage has doubled. We are owners of half the tonnage of the world. Our cargo-carriers have a marked superiority in speed and capacity. In an address to the Cobden Club, Mr. Russell Rea dealt especially with the question of efficiency. Dividing steam shipping into two classes, he showed that the United Kingdom possessed more than $4\frac{1}{4}$ million tons of high-class steamers of more than twelve knots speed, as against little more than $2\frac{1}{4}$ million tons for all other countries. The average speed of British steamers of less

Shipping.

than twelve knots was ten knots; the average speed of foreign steamers in the same category was $8\frac{1}{2}$ knots. Of the steam shipping of the world, the common carriers constitute by far the larger proportion. There are 7,000 tramp steamers, as against 1,300 liners. It is in the tramps and not in the liners that British enterprise holds the field. Our costs of construction for cargo-carrying vessels are cheapened by the abundant supply of materials, admitted duty-free. As the result of a free-trade policy, we are the ocean carriers of the world, while keeping nine-tenths of the trade to and from our home ports under the British flag.

The shipowners of the protectionist countries are crippled by tariffs, imperfectly compensated by subsidies. The evidence given by American shipowners before the United States Commission on the Mercantile Marine has been summarised by Mr. Austin Taylor, M.P. Protection has been destructive to shipping. The percentage of American trade carried in American bottoms fell from 72.5 in 1860 to 9.2 in 1900. The ocean-going tonnage of America diminished from 2,600,000 tons in 1861 to less than 900,000 tons in 1903. In the interval foreign commerce had quadrupled. The American tariff protects in American territory. Protection cannot protect beyond the confines of the tariff barrier. It handicaps American shipping in the vast international competitions. The cost of building a ship in the United States was estimated by some witnesses as from 40 per cent. to 50 per cent. higher than abroad. By none was the difference estimated at less than 30 per cent. The Atlantic Transport Line built four ships recently-two in Belfast, two in

Philadelphia. The American-built ships cost £380,000 each; the Belfast ships £292,000.

Protection has not assured uninterrupted prosperity to shipping in Germany. It was stated by Lord Goschen, in his speech at the Queen's Hall, that the dividends of the chief companies showed a reduction all along the line—in the case of the Hamburg-American Line from 10 per cent. in 1900 to $4\frac{1}{2}$ per cent. in 1902; for the North-German Lloyd $8\frac{1}{2}$ per cent. in 1900; no dividend in 1902.

Iron and Steel

				Exports	Imports
Iron and	1901 .			£25,008,000	£7,561,000
Steel.	1902 .			28,877,000	7,909,000
	1903 .			30,453,000	8,662,000
	1904 .			28,082,000	8,215,000

In 1903 pig-iron was imported into America on a large scale to meet a sudden demand. It could not be expected that we should continue to supply raw material for metal-workers in the United States. The British iron and steel industry, as Sir Hugh Bell has shown, is mainly employed in meeting the home demand. In 1902 the aggregate value of our production of iron and steel was £151,000,000. Of pigiron we exported 1,102,000 tons, value £3,569,000. Of manufactured iron and steel we exported 2,474,000 tons, value £23,644,000.

Sir Hugh Bell concludes his able review of the position with a strong condemnation of protection:

'Our imports of metal wares consist either of articles which we do not and cannot produce in this country, or of articles which, for some reason, a foreign country is

Sir Hugh

ready to sell cheap, and which the buyer sees his way to convert with advantage, or of some speciality which has been cultivated abroad. To offer a trade of £150,000,000 the illusory benefit of protection against a paltry £15,000,000 or £16,000,000 of imports would be the merest mockery. To tender an import duty on food would, indeed, be to add injury to insult.'

Profits in the iron trade, as well as employment, are growing:

INCOME TAX RETURNS

1894-5				£1,834,427
1903-4	٠			3,414,896

Machinery and Mill Work

			Exports	Imports	
1901.			£17,800,000	£3,963,000	Machin-
1902.			18,700,000	4,761,000	ery.
1903.			20,000,000	4,448,000	
1904.			21.082.000	4.313.000	

Exports of machinery: First nine months of 1903, £14,423,000; same period of 1905, £16,883,000. Foreign engineering firms connot compete successfully in our own market, for any length of time, in any standard or competitive item of machinery. The Singer Manufacturing Company at Kilbowie, near Glasgow; the British Westinghouse Electric and Manufacturing Company, Limited, at Trafford Park, Manchester; the British Thomson-Houston Company at Rugby, have set up large works in this country from pioneer establishments in the United States. They give employment to thousands of hands.

No less than 404,000 workers are employed in the mechanical industries. Their wages are estimated at

£24,000,000 annually. One quarter of the workers, earning £6,000,000 in wages, are engaged in the manufacture of machinery for export.

Cutlery, Hardware, Implements, and Instruments

				Exports	Imports
Cutlery and	1901			£4,175,000	£4,352,000
	1902			4,384,000	4,423,000
hardware.	1903			4,636,000	4,235,000
	1904			4,862,000	3,780,000

We see a constant expansion in all branches of the metal trades, and especially in those industries which are dependent upon cheap steel. We have proof of the progress of our British manufactures of cutlery in the growth in population and in wealth of Sheffield.

			Population	Rateable value
1851			135,307	£277,888
1903			409,104	£1,660,183

Tin-Plates

EXPORTS

_	Tin Plates and Black Plates	Galvanised Sheets	Ship, Boiler and other Plates
1901 1902 1903 1904	6,338,000 cwt. 7,388,000 ,, 8,026,000 ,, 8,441,000 ,,	250,285 tons 381,272 ,, 352,446 ,, 385,411 ,,	42,008 tons 43,678 ,,

Ten months ended October 31

	1903	1904	1905
Tons	243,245	291,560	300,119
Value	£3,319,043	£3,720,561	£3,862,661

Tinplates. In the three years 1900 to 1902, the British exports of tin-plates to the United States fell to an average of 66,300 tons as compared with 318,000 tons in 1890.

The McKinley tariff was a heavy blow. The tin-plate industry has recovered largely through reduction in prices of raw materials. The Labour Department reported 19,800 persons employed at 397 mills in 1902 as compared with 16,960 persons at 319 mills in 1896.

Galvanised Sheets

Dumped raw materials have been extensively used in the manufacture of galvanised sheets.

Galvanised sheets.

EXPORTS

Ten months ended October 31

	1903	1904	1905
Tons	296,438	312,384	333,333
Value	£3,691,263	£3,660,668	£3,929,216

Brass

EXPORTS

Ten months ended October 31

	1903	1904	1905	
Tons	6,200	6,802	10,191	Brass.
Value	£598,914	£644,067	£902,993	

Watches

NUMBER IMPORTED

1901 2,481,329	1902 2,103,115	1, 620 , 6 19	1904 1, 522 ,126	Watches.
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Textiles

COTTON MANUFACTURES

			Exports	Imports	
1901			£73,685,000	£ 4,999,000	Textile
1902			72,458,000	6,007,000	
1903			73,626,000	7,400,000	
1904			83,917,000	6,600,000	

SHIPMENTS OF PIECE GOODS

			First	nine	month	9.	
			4 07 00	700700	776(776076	U	Yards
1905							4,603,146,100
1904		9	g				4,070,503,200
1903							3,960,744,600
			INCE	REASE	1904		
							Yards
China .							. 229,500,000
Japan .							. 69,700,000
Bombay	٠						. 30,300,000
Bengal				,			. 60,900,000
Turkey							. 22,400,000
Egypt							. 13,600,000
Straits							. 18,000,000

Cotton industry. Mr. Emmott, M.P. In the cotton industry the exports largely exceed the home consumption. Mr. Emmott, M.P., gave the statistics: out of £35,000,000 worth of cotton we make £90,000,000 of yarns and manufactures. We retain goods to the value of £18,000,000 for home consumption and send goods to the value of £72,000,000 abroad.

Our Lancashire mills, it is stated by another authority, turn out daily 14,000 miles of cotton cloth. Home consumption averages 4,000 miles, the shipments to other countries 10,000 miles of cloth daily. The sum paid daily for wages is computed at £100,000.

Our European competitors have had but a limited share in the recent expansion of the cotton trade. Comparing the exports in 1904 with those of the preceding year the increase for France, Italy, Spain, Austria-Hungary, and Belgium aggregated £3,408,500, as against an increase of £11,460,000 for Great Britain. In a paper contributed by Professor Chapman to the 'Economic Journal' of September 1895 we learn that

Professor Chapman. of the increased export trade done by the chief cottonexporting countries between 1891-95 and 1901-2, more than a third fell to the United Kingdom. Our increase was twice as great as that of any other country. We hold two-thirds of the export trade.

Our pre-eminence in the cotton industry is chiefly in goods of the highest class, the best in quality, the most artistic in design. For the spinning of fine yarns and in a large degree for the weaving and finishing of the superior fabrics we have an advantage over all competitors in our climate and in the training and skill of our managers and workpeople. We are preeminent in all things on which success in industry depends. In the words of Professor Ashley: 'The Professor British cotton trade of our day presents an example of the highest type of commercial and industrial methods. Separation of functions, and the co-operation of each with the others so as to produce the greatest economy and efficiency, are, and have long been, carried out more fully perhaps in Lancashire than in any other part of the world. The great extent and the varied nature of the trade, as well as its early development there, have done much to bring about this highly systematised condition.'

As producers of cotton goods of the highest quality India. we hold our own in competition with the ill-paid labour of India. The hours of labour in a Bombay cottonmill are excessive. In mills lighted by electricity the day's work begins at five in the morning and continues until eight in the evening, with half an hour only for rest and food. Unprotected by unions, and eager to add to scanty earnings, the workers ruin health by overtime. Labour unduly protracted is not strenuous. It

is impossible to run a Bombay mill on a lower wages bill than that of a mill in England.

Taxes on Food.

The cotton industry, as it has been already said, is an industry mainly for export, chiefly to Oriental and barbarous races. Our customers are poor. Taxes on food must be met by an increase in wages. An increase in wages must be met by an advance in price. A slight advance in price diminishes consumption. The opinion of the employers and the workers as to taxes on food was placed on record in a resolution passed on July 21, 1903, at a conference of the Cotton Employers' Parliamentary Association and the United Textile Factory Workers' Association, together representing the whole cotton trade. 'Convinced that the great cotton industry of the United Kingdom owes its pre-eminence to, and can only be maintained by, the policy of free trade, this conference pledges itself to oppose to the utmost of its power any proposals which, by imposing taxes on food or raw materials and so raising the cost of production and living, will cripple it in its already severe struggle to uphold its position in foreign markets, by which 80 per cent. of its productions are absorbed.'

Woollens

WOOLLEN MANUFACTURES

				Exports	Imports
Woollens.	1901	•		£23,300,000	£11,894,000
	1902	-		23,300,000	13,010,000
	1903			25,400,000	11,367,000
	1904		4	27,500,000	11,400,000

The Trade Returns for 1905 were given by Mr. Asquith in a recent speech:

EXPORTS AND IMPORTS OF WOOLLEN MANUFACTURES, 1905

First nine months of 1902				£17,800,000
Same period of 1905 .		•	٠.	22,600,000
Gain, nearly				5,000,000
Imports for the first nine m	onths	of 1	902	9,800,000
Same period of 1905 .				9,600,000

The value of the woollen and worsted goods produced in the United Kingdom is estimated by Professor Ashley as about £58,000,000, of which about £42,000,000 must be credited to Yorkshire. The turnover in Bradford of wool and its manufactures amounts to about £100,000,000.

Our imports of woollens would not be excluded by Imports. a ten per cent. duty. They consist chiefly of dress fabrics, and approach in value annually £5,000,000. Dyers in the Bradford district cannot equal the delicate shades produced at Roubaix. French manufacturers have a natural aptitude for colour and design. In woollen goods of other descriptions, such as carpets, we are second to none.

British exports of woollen goods far exceed those Exports. of all the principal industrial countries combined. We advance more rapidly than our German competitors. The imports into the United States of woollens were ehecked in all industrial countries, as well in France and Germany as in the United Kingdom, by the McKinley tariff. Our woollen industry has been expanding of late, not only in the home market, but in goods manufactured for export. Our woollen manufacturers find their chief market at home, their position in this regard differing essentially from that of manufacturers of cotton goods.

Bradford. The woollen trade has not been profitable in Germany. Bradford, the metropolis of our woollen industry, is prosperous.

BRADFORD STATISTICS OF PROGRESS

				Population	Rateable Value
1881	٠			194,491	£927,238
1891	٠			216,361	1,025,106
1901	٠			279,767	1,421,200
1902			•	281,770	1,462,746

Linens

Linens.

Irish spinners have local advantages in their competition with the principal flax-spinning industries. The rate of progress may be measured by the number of spindles. The figures are taken from Professor Ashley. While Ireland showed a decrease in twenty-five years of 86,000 spindles, Austria and Germany had decreased by 168,004, Belgium by 32,420, and France, over a rather longer period, by 301,574.

Foreign production has declined; the exports of finished linens from Ireland were never at any period higher than of late years.

Silk

The silk trade, the least progressive of our textile industries, is improving.

TEN MONTHS ENDED OCTOBER 31

	1903	1904	1905
Value Exports Silk Manu-	£	£	E
factures	1,198,761 459,462	1,286,694 489,248	1,418,660 669,768
France is our best customer in Broad Stuffs .	807,781	297,585	521,407

For seven years in succession the net import of silk goods has declined. Net imports 1897 £16,192,319, 1904 £11,552,105. Reduction £4,640,000, or over 28 per cent. of the total import.

Chemicals, Drugs, Dyes, and Colours

EXPORTS

Ten months ended October 31

£11,445,828 £11,377,794 £12,140,458 + 762,664

Chemicals, drugs, colours.

The chemical trade has been examined, with the dyes, and knowledge of an expert, by Mr. Haldane. By the ammoniate of soda process the cost of making alkalis is reduced by 50 per cent. We were slow to make use of these better methods. Manufacturers of chemicals by antiquated methods have been unable to compete. Our up-to-date manufacturers are prosperous.

Observations as to technical training are reserved for Technical a later section. We have much to learn, both in organisation and practical science, from our German competitors. In no trade in this country has the condition of the worker been more improved. In the 'forties' of the last century the average earnings of families were £45 10s. Earnings have been raised to 35s. a week by the use of machines, and by greater skill of hand.

Glass.

Glass

EARTHENWARE AND GLASS

			Exports	Imports	
1901 .			£3,049,000	£4,528,000	
1902 .			2,997,000	4,678,000	
1903 .			3,278,000	4,780,000	
1904			3.100.000	4.900.000	

In the exports of bottles, as in the exports of many other descriptions of goods, the expansion of German trade has been chiefly in the cheapest wares. The glass bottles exported from Germany are of the common quality in demand for brewers and bottlers. Belgian glass-makers have a local advantage in the supply of a special glass near at hand. Belgium is a large consumer of German bottles.

In the quality of their productions, British glass manufacturers are nowhere surpassed. At St. Helens the trade has flourished without a check. The glass bottle output has increased from 30 tons to 700 tons per week. The workers earn high wages. In 1851, 46,524 persons were employed in England and Wales. In 1901 the number rose to 92,556, a growth of 99 per cent. In the same interval the population grew from 17,900,000 to 32,600,000 or 82 per cent.

Paper

Paper.

Foreign manufacturers of paper have an advantage over British makers in the supply of raw material from the forests of Germany, Scandinavia, and Austria. British exports are increasing.

EXPORTS OF PAPER AND STATIONERY

First ten months

1908 1904 1905 £1,509,596 £1,557,435 £1,621,986

The home demand for paper is mainly supplied by home producers. Mr. Spicer, a competent authority, states that the material worked up in British mills increased in ten years by 64 per cent. The dividends paid to shareholders in British paper mills are more satisfactory than those of Germany and France.

Boots and Shoes

Ten months ended October

			Imports	Exports	
1903			£811,243	£1,579,055	Boots and
1904			657,852	1,271,503	shoes.
1905			709.150	1,541,354	

Our home consumption of boots and shoes is estimated by Mr. John T. Day at £41,000,000 per annum. Annual consumption of boots and shoes, 100,000,000 pairs. New machinery and improved organisation have effected a saving, wholly given to the public, averaging fully sixpence per pair.

Pearl Buttons

The steam laundry has done more than tariffs to Pearl buttons. check the demand for these fragile articles. Superior qualities have taken their place.

Cheap Jewellery

EXPORTS TO FOREIGN COUNTRIES

1900 £178,204	£185,091	£182,870	£182,126	£176,027	Cheap jewellery.
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Hats

EXPORTS OF STRAW HATS (UNTRIMMED)

	1889	1893	1898	1900	1902	
	£	£	£	£	£	
Great Britain		393,531	311,000	406,000	447,200	Hats.
Germany:						
Untrimmed	140,000	75,000	70,000	100,000		
Trimmed	82,000	67,000	52,000	55,000		
	£222,000	£142,000	£122,000	£155,000		

For three years the present writer had the honour of serving as President of the London Chamber of Commerce. He was sometimes invited to visit the provinces, to fraternise with Chambers of Commerce. He recalls with pleasure a happy day at Luton, the centre of the manufacture of straw hats, an industry which affords employment to thousands of workers, chiefly women. In former days the raw material for the manufacture of straw hats was supplied by the labour of women in the adjacent counties, earning from 2s. to 3s. per week. The women of Luton are to-day making hats by machinery, using as raw material straw-plaiting imported from Tuscany, China, Japan, and South America. The earnings average some 18s. per week, or six times the wages of their mothers a generation ago. The prosperity of Luton depends essentially upon free imports of the raw material. Value of imports of strawplaiting from abroad for Great Britain in 1902 £746,000, in 1903 £841,000, and for Germany £190,000. We imported three times the value of the straw-plaiting, and we exported three times the value of the straw hats.

Hops

Hops. The duty on imported hops was repealed in 1862. How has the industry progressed?

			Acreage		Crop		
1861			47,941	4.46	ewt.	per	acre
1903			47,938	8.78	22	22	29

VALUE OF PRODUCE PER ACRE

1861							٠	£36	2	6
1903	9	٠	,	,	,	,	,	£46	2	0

Hop-growing is speculative under free trade. It was more speculative under protection.

PRICE PER CWT.

1819					. 90s.
1825					. 420s.

The prices of hops vary widely.

1904

				P	er cwi	ū.
Imported hop	s .			£5	18	0
Kent				10	0	0
Sussex				8	15	0

In the best districts hop-growing is a paying industry. In Sussex we do better from year to year with sheep than formerly with hops.

Fruit

The cultivation of fruit is an increasing industry Fruit. in some respects similar to hop-growing. Acreage of small fruit-farms:

				Acres
1888				36,724
1903				76,152

The conditions of the industries said to be threatened Progress have been examined. We have found little to justify summary. pessimistic views. In October 1903 the progress of trade was surveyed, and not for the first time, in the pages of the 'Quarterly Review.' These are the conclusions of the well-informed writer:

'Our review of the statistical position has shown 'Quarterly that prices thirty years ago were just one-half higher,

on the whole, than they are now; and, if our present trade were measured by the values of thirty years ago, it would be seen that it had increased in volume by more than 50 per cent., and is giving employment to a correspondingly increased number of workpeople. Mr. Chamberlain says the silk trade has gone; but the average export of "broad stuffs" of silk or satin and silk and other materials for the last five years has been 9,500,000 yards against 7,500,000 ten years ago, 6,000,000 twenty years ago, and 4,000,000 thirty years ago. Instead of the silk trade having gone, it has more than doubled in thirty years. The woollen and iron and steel trades, we are told, are threatened; and cotton will go next. All trades are always being threatened; but threatened men live long, and so do threatened trades. Our average consumption of wool during the last five years has been 526,000,000 lbs. against 344,000,000 lbs. twenty years ago, and 320,000,000 lbs. thirty years ago. Our average consumption of cotton for the last five years has been 15,000,000 lbs., against 11,800,000 lbs. twenty years ago, and 9,640,000 thirty years ago. Our output of pig-iron, too, and the consumption of pig-iron in the United Kingdom during the last five years, in spite of dumping from Germany and America, have been larger than in any similar period.'

Whether under free trade or protection, industries must have grown in foreign countries. Great Britain could not have supplied the world's demand for manufactures. If our competitors may sometimes show a larger increase, we, too, have been working at high

pressure. Our mills have been on full time. Our makers of machinery have refused orders. If in any department we have lost ground, it has been in the cheaper descriptions. In the finer qualities, in the production of which skilled labour commands the most liberal reward, we fully hold our own.

CHAPTER IV

SOCIAL AND ECONOMIC CONDITIONS AT HOME AND ABROAD: UNDER PROTECTION—UNDER FREE TRADE

WE have traced the progress of our industries and commerce, and the improvement in the condition of our working people, in sixty years of free trade. When our fiscal policy was Protectionist, did trade flourish? Was the reward of labour liberal? How did it fare with the landowner and the farmer? We have conclusive proof that it was not well with agriculture. No fewer than five times in the short interval between 1820 and 1837 Parliamentary inquiries were held on the subject of agricultural distress. It was shown that the farmer was crushed with the burden of rents, while the labourer earned the miserable wage of 7s. to 8s. a week. How did it fare with those employed in the industries? Wages were low: Shoemakers, weekly, 10s.; miners 18s.; ironworkers 10s.; carpenters, masons, 11s.; tailors 11s. Corn was dear, and bread double the price of to-day. 'Nothing,' says Sir Spencer Walpole in his history of the period, 'could exceed the wretchedness which commenced in 1837 and continued to 1842. No fewer than 1,420,000 persons were in receipt of relief. One in eleven was a pauper. The misery in the United Kingdom was intense. It was far exceeded by the misery in Ireland. The potato, the chief food

Condition of the country under protection.

Sir Spencer Walpole. of the people, had failed. The sufferings from famine were terrible. In three years the population diminished by 650,000 souls.

The condition of the country before free trade Mr. has been described by Mr. Chamberlain. Speaking Chamberlain. at Ipswich on January 14, 1885, he said: 'The condition of the farmer was never so hopeless, and the state of the labourers was never so abject, as when corn was kept up at a high value by a prohibitive protective duty, when it was 64s. or even rose to 120s. per quarter.' Later in the same year, at Birmingham, he said, 'I wonder whether in this vast audience there are any people who have any conception of the state of things which existed forty or fifty years ago. At that time the whole of the labourers in the agricultural districts were on the verge of starvation. The poorrates in some districts were 20s. in the pound. . . . At the time of which I am speaking, the large towns were described by eye-witnesses as bearing the appearance of beleaguered cities, so dreadful were the destitution and the misery which prevailed in them. People walked in the streets like gaunt shadows and not like human beings. There were bread riots in almost every town. There were rick-burnings on all the countrysides.'

The time at last came for a reconsideration of a sir Robert fiscal system under which sufferings so cruel had been endured. Two orators of rare gifts arose to plead the cause of the people. The glowing rhetoric of John Bright, the convincing arguments of Cobden, carried constituency after constituency. The work they had begun out of doors was completed in Parliament, to his own enduring honour, by Sir Robert Peel. Rising

superior to the trammels of party, and convinced of the necessity, that illustrious and wise statesman proposed and carried the repeal of the Corn Laws.

Free trade.

Lord Rosebery.

Free trade has proved a blessing to the British working men of every class. Wages have increased. The cost of food has been constantly diminishing. With improving material conditions, discontent has ceased. 'If,' as Lord Rosebery has said, 'free trade had not been introduced in 1846, this country would not, almost alone in Europe, have been exempt from the Revolution which swept over the world in 1848.' Populous London is hardly conscious of grievances remediable by legislation. The Metropolitan representatives are, by an overwhelming majority, Conservative. The Liberal party has laboured in the cause of reform. The party which has opposed reform has profited.

Wages.

Our working people may with advantage compare their present earnings, not only with those of their own country in a past generation, but with those paid in foreign countries.

Foreign countries.

Agriculture.

The table on the next page dealing with agriculture is from the handbook issued by the Free Food League.

Upon many estates in East Prussia the entire income of a labourer and his family, inclusive of all payments in kind, does not, as we learn from Mr. Harbutt Dawson, exceed £20.

Mean

Turn from agriculture to the industries.

Industries.

weekly wages in fifteen skilled trades: London, 42s.; Berlin, 24s.; other towns—England, 36s.; Germany, 22s. 6d. a week. Compare the family earnings. Cotton trade, average annual family income: United Kingdom, £115 17s.; Germany, £62 19s. Woollen trade.

Family earnings. Fiscal Bluebook. 1902.

Average Weekly Cash Wages of Ordinary Agricultural Labourers in England and Wales and in certain Foreign Countries, 1892– 1899

Reference	Country	1892	1897-9	
Cd. 1124 of 1902, p. 66.	ENGLAND AND WALES	s. d.	s. d.	
Cu. 1124 01 1002, p. 00.	(excluding all Extras) Sweden	13 31	18 2	
Cd. 720 of 1901, p. 8 .	(Total Wages in Kind and Money) Norway	8 713	9 11/2	
Cd. 720 of 1901, p. 4 .	(Day Labourers without Board).	_	12 8	
Cd. 720 of 1901, pp. 2 and 3	RUSSIA (Board and Lodging found)	$2 ext{ } 4\frac{3}{4}$	_	
Cd. 72 0 of 1901, p. 12 .	(including Value of Free Houses. Board found)	6 9	7 4½	
Cd. 720 of 1901, p. 42 .	(Without Board).	_	9 6	
Cd. 720 of 1901, p. 68 .	France (Without Board)	11 111		
Cd. 720 of 1901, p. 86 .	AMERICA (Without Board).	17 101	_	
Cd. 720 of 1901, p. 85 .	HUNGARY (Without Board).	_	6 6	

United Kingdom, £107 9s.; Germany, £57 10s. Steel trade—United Kingdom, £122 15s.; Germany, £52 2s. Of the 4,000,000 workers in Germany, two-thirds earn less than 15s. a week; 65 per cent. less than £40 per annum; and 85 per cent. £1 a week. 'Did these facts,' asked Mr. John Morley in his speech at Nottingham, 'show Germany to be a paradise? So far from being a paradise, it was not even purgatory, but a lower stage. All this was apart from the exhausting hours worked in Germany. Political discontent had greatly increased there since 1830, when food duties began to

be imposed.' Almost without exception, every representative of Berlin is a Socialist—as such, pledged to reverse the policy of exclusion and protection of privileged interests, cartels, and trusts, which is certain sooner or later to lead to change,

Hours of labour.

As in wages, so in the hours of labour, the position of our working people is advantageous. Comparing Germany, France, the United States, and our own country, the hours are longest in Germany and shortest in the United Kingdom. The difference has been computed at twenty-nine days more in the year for the German than for the British worker. In Massachusetts working hours are sixty a week, while the same crafts in Great Britain work fifty-four hours.

Cost of living.

Turn from wages to the cost of living. In the last five years a German workman has been able to purchase for 100 marks as much food of the kind to which he is accustomed as twenty years previously for 112 marks. The English workman has been able to make 100s. go as far, in purchasing food, as 140s. twenty years ago. The food of the German workers consists of bread, potatoes, herrings, and coffee. The tax levied under the tariff on this meagre dietary is estimated at from 60s. to 70s. a year. The home supply of meat in Germany is insufficient. Imports are subject to heavy duties. Dwellers in less happy lands look with envy upon our abundant supplies of untaxed food.

Regularity of employment.

Workers in foreign countries have no advantage over those of the United Kingdom in regularity of employment. The members of trades unions—workmen in the skilled trades—who are standing idle, are more numerous in France, where the population is

stationary, and in the United States, boundless as are its resources, than with us.

The tables are from the fiscal Blue-book, 1904:

Fiscal Bluebook, 1904.

MEMBERS OF TRADES UNIONS; PERCENTAGE UNEMPLOYED

Unit	ed Ki	ngdo	m		France (N	ord	and	Pas-a	le-Calais)
1903.			5.30		1894				7.1	
1902.			4.60		1895				7.8	
1901.			3.80		1896				6.8	
1900.			2.85		1897				7.1	
1899.			2.40		1898				7.3	
1898 .			3.15		1899				6.6	
1897.			3.65		1900				6.8	
1896.			3.50		1901				7.8	
1895.			6.05							
1894.			7.70							
1893.			7.70							

United States

AVERAGE PERCENTAGE OF MEMBERS OF TRADES UNIONS IN THE STATE OF NEW YORK IDLE IN 1902

Building Trade .	4		$17 \cdot 1$
Clothing Trade .			24.0
Metals and Machinery			5.2
Transportation .			16.3
Printing	•		13.1
Wood-working and Furn	niture		15.7

Germany

LABOUR REGISTRIES UNDER IMPERIAL LABOUR DEPARTMENT.
APPLICATIONS PER 100 SITUATIONS OFFERED

1898					134.4
1899					119.5
1900		•	٠,		134.0
1901					204.6
1902					226.4
1903					186.7

Pauperism

Pauperism.

Indoor relief.

The fiscal Blue-books give some statistics of pauperism in the United Kingdom as compared with the United States, Great Britain, and Germany. Comparing with foreign countries the number in receipt of indoor relief, averaged for eight years ending 1885, for the United Kingdom, 96.5; France, 69.2; the United States, 98.1 per 10,000 of the population. For 1900 the corresponding figures were: United Kingdom, 101.2; France, 100; United States, 98.4. In 1902 the numbers relieved in the United States had risen to 102.9 per 10,000. In Germany, in the winter of 1901–2, the distress was exceptionally severe. No less than 1,124 were employed on the relief works at Leipsic; 814 at Dantsic; 715 at Düsseldorf; 700 at Nüremberg; 690 at Munich; and 586 at Strassburg.

Unemployed in Germany. The Prussian Government have to deal with the problems with which we are confronted in parts of London. Distress in winter in the large towns of Germany has regularly recurred of late, through want of employment. As a means for preventing the dismissal of workpeople, the Government of Prussia recommend that the hours in industrial establishments should be shortened when trade is dull. Reference is made in the same circular to the necessity for measures to prevent the excessive gathering of population without regular employment in the great towns.

Poverty in United States. Poverty in the United States has been described by Mr. R. Hunter, a well-known sociologist, in a volume lately published. In Boston, in 1903, twenty per cent. of the people were in distress. Fourteen per cent.

of the families residing in the city of Manhattan were evicted in the same year. Ten per cent. of those who die in Manhattan have pauper burials. There seems reason to believe that the number of those in poverty in New York and in other large cities and industrial centres rarely falls below 25 per cent. of the people.

Protection does not give immunity from depression Depresin trade. Germany has passed through financial crises. trade in The inflation after the Franco-German war is described by the United States Labour Commissioner, Mr. Carroll: 'Five milliards of francs had been received from France. Money became too abundant. The field of industry was yielding enormous profits. The whole country swallowed the deceptive bait and entered vigorously into great industrial and financial undertakings. Manufacturers, instead of laying by enormous profits, enlarged their facilities for production. Almost everybody was engaged in some sort of speculation. It is impossible to estimate the enormous sums lost through joint-stock enterprise.' In recent years trade in Germany as elsewhere has been dull and unprofitable. As the Commission on the Depression of Trade observed, the tide of commerce ebbs and flows in all industrial countries. There is a constant tendency to increase the capacity for production, perhaps at a time when the demand is not sufficiently brisk to maintain remunerative prices and give adequate return to capital. Depression due to over-production has been especially marked in the case of Germany.

The report by Consul-General Schwabach on the Consultrade of Germany for 1902 gives a gloomy picture. Schwa-

bach.

The depression in trade and industry experienced in Germany during 1901 continued to make itself felt, though in a less degree, during 1902. Industries, unduly expanded with borrowed money, were shut down everywhere. Want of employment and the lowering of wages crippled the purchasing-power of the mass of the population, and worked unfavourably. The managers of industrial undertakings, finding no home market for their output, forced the export trade to the utmost. It was in many cases unremunerative. The home iron industry was 'excessively dull.' The electrical industry had not yet recovered from the blow received in 1900 and 1901. The jute industry worked unsatisfactorily. All branches of the paper trade were depressed. The leather trade suffered from overproduction, and profits were small. In every centre of industry numbers were out of work. The ready-made clothing industry was at a standstill, the population of workers being too poor to buy. The year 1902 showed a depression and a diminution of profits even more marked than in 1901.

In his report for 1903, Consul-General Schwabach describes the conditions as improving, 'There was considerable activity. Business, however, in many trades was unprofitable. There were fewer unemployed, but wages had not recovered from the depreciation which began in 1900, more particularly in the mining and electrical industries. In 1904 trade in Germany was active. It still continued unprofitable in the engineering and textile industries.'

Results of protec-

Among the representatives of commerce in Germany we do not find satisfaction universal as to the results of

protection. Mr. Harbutt Dawson cites a memorial addressed to the Imperial Chancellor by the Commercial Treaties Association: 'Notwithstanding the considerable export trade which is still conducted under the protection of the existing treaties of commerce, German industry in its most productive branches is suffering from want of employment in a high degree, and from a reduction of wages. The spirit of enterprise is practically extinct, new plant is hardly anywhere being acquired, and manufacturing premises are hardly anywhere being extended. Moreover, the efforts of employers at least to keep their works going have resulted, especially in the case of syndicated industries, in the exportation of large portions of their productions at unprecedentedly low prices—a procedure which, if it were to last much longer, must inflict the gravest damage upon the German economic body, and entail consequences which would exercise a prejudicial influence for decades, The present melancholy situation has, therefore, a significance which is not merely transitory, but is of decisive importance for the whole future of Germany as a world-Power.'

Professor Walther Lotz, a representative of Professor Walther authority of the Academic free trade party, may be appropriately quoted: 'If we wish to remain capable and growingly capable of exporting, and we have desired that hitherto, it is necessary that we should have low costs of production. But our new customs tariff is based on a fundamental idea that higher prices are the greatest blessing. Many believe that it is possible to increase our duties, and nevertheless to maintain our export by means of new commercial treaties. Temporarily

that might be possible, though by the exhaustion of our national labour power; but permanently never, and least of all with dearer food. According to the present grouping of parties, it is certain that high and increased corn duties are impossible unless the wishes of the Protectionist group of industrialists, and particularly those combined in cartels, are realised. The Customs Tariff Bill bears the impress, in fact, of this reciprocal assurance of Protection. Dearer corn must lead to the endeavour for dearer meat, dearer feeding stuffs, dearer eggs, dearer fruit and vegetables, and in any case as dear iron, leather, glass, and building material as possible—with the consequence of dear dwellings.'

Taxation in Germany.

Discontent is universal among the workers in Germany. In a pamphlet issued in 1903 the Socialist party complain that no less than £75,000,000, or 27s. a year per inhabitant, are raised by taxes on articles of consumption, and from taxes on the traffic of the Post Office telegraphs, and railways, under Government administration. Indirect taxes, it is declared, are worse than poll-taxes. Everything is taxed, and the larger the family the more must the father pay in taxes. None can escape. With every penny that the housewife spends, she pays taxes in the shape of higher prices. 'We are compelled to be serfs in the service of militarism, which in turn serves only for protection and enrichment of the ruling classes.' Commenting on the Socialist triumph at the elections to the Reichstag, the correspondent of the 'Times' remarked: 'The lesson of the election, so far as it can at present be read, is this. The Germany of industrial progress, of military strength and renown, and of inordinate naval

and colonial ambition is honeycombed with unappeasable discontent. Nearly four millions of Socialist and Radical electors are determined that their daily bread shall not be subjected to inordinate taxation, in order to maintain a landed class which is largely bankrupt and which claims a prescriptive right to civil and military rank.' Workmen in Germany will equally resent being taxed in order that they may provide a profit for manufacturers who sell abroad cheaper than in Germany.

France is strictly Protectionist. Her statistical France position under protection does not compare favourably under protecwith that of the United Kingdom under free trade.

Mr. Ashley, in his 'Tariff History,' expresses the Ashley, 'Tariff opinion that 'France would have done better under History.' free trade. In the great industrial and commercial expansion of the last decade of the nineteenth century France had little share; her coal and metal industries show progress which is satisfactory only if the growth elsewhere be ignored; on her textile industries (if cotton be excluded) even so moderately favourable a judgment seems hardly possible; her shipping is stationary. Agriculture is doing fairly well, with the aid of strong protection, and opinions as to the condition of the peasantry are divided; but there is little movement forward. One reason for this uncheering economic position of France is certainly the slow growth of population, which in the thirty years up to 1901 increased only three millions, as against ten millions in Great Britain, and fifteen millions in Germany. . . . Other reasons for her economic stagnation—for such it really is—can be indicated: the

racial character of the French, and the fact that they are essentially not a business people; their indifference towards colonisation and foreign trade; the undue attention to a home market which is not extensive; and the dulling influence of the protective tariff on the initiative and energy of the manufacturers, hampered as they are also by the taxation of many materials. Of the French tariff legislation it can be said with some confidence that whatever it may have done to maintain agriculture—and even there it is arguable that it has encouraged the continuance of old-fashioned methods—it has wrought little good, and in various ways much harm, to industry and commerce.'

Russia.

Let us turn to the economic conditions in Russia, as described by Björnson, the Norwegian writer. The load of taxation has become intolerable. Expenditure is steadily increasing. Receipts can no longer keep pace with increasing charges. A part of the railway system is not paying working expenses. Taxation has reached its ultimate limit. The Government has been propped up by foreign loans. 'No centralised power, even the best, is for any length of time capable of governing so many and varied peoples. No hand, no matter how powerful, can stretch over such an enormous territory, presenting such variety of climate, and inhabited by populations with such marked racial and religious differences. But what the best government, with the most powerful hand, cannot perform, becomes chaos and misery under a feeble autocratic power, or a bureaucratic institution that is mercenary and mendacious, unstable and oppressive.'

With trade depressed and political aspirations

unsatisfied, a general unrest prevails among the artisans of Russia. Socialistic ideas are diffused by ardent and fearless revolutionaries; strikes are incessant. Demands are pressed for higher wages, and even more for reduction of the weary hours of daily toil. There is no need to dwell on recent events. The gloomiest anticipations of Björnson have been fulfilled.

With the United States, we in the United Kingdom United could not compete in magnitude of trade under any fiscal system. The progress of the United States is due to natural advantages which we do not possess, and to the demands of a home market such as the United Kingdom cannot offer.

		Area Square Miles	Population
France		. 207,054	38,962,000
German Empire		. 208,830	58,549,000
United Kingdom		. 121,371	41,961,000
United States .		. 3,025,000	80,372,000

In the United States protection has been from the beginning the settled policy. It has been associated with sound principles on many subjects. It has stood for the honest payment of national debts, for free labour as against slave labour, for high wages for American labourers. In the United States protection has not given to the workers all the advantages which might have been expected. More than 29,000,000 persons are occupied for gain; less than 1,000,000 benefit by protection. Wages are high in the manufacturing industries, because all can find employment on the land. The rates are declining, whilst the cost of living is continually increasing. The census returns of 1890 showed that in thirty-three States there were

1,004,500 wage-earners receiving an average wage of 1:39 dollar a day. In 1900 the wage-earners had increased to 1,463,365, while the wage had declined to 1:29 dollar a day—an average reduction of six per cent. In the same period the cost of living had risen six per cent., largely through the operations of trusts fostered by the tariff.

The social condition in the cotton mills in the Southern States has recently been described by Mrs. and Miss Van Vorst, joint authors of 'The Woman who toils,' a volume to which President Roosevelt has written a preface. Wages are high, the life of the workers is a white slavery; thirteen hours of daily work, dwellings comfortless, ideals of life ignoble. To this picture the Southern negro makes a gloomy background.

Mr. Seymour Bell, Commercial Agent.

Protection in the United States has not given regularity of employment to the workers, nor immunity to staple industries from over-production and the consequent fall in prices, profits, and quotations for securities in Wall Street. We admire the energy, the enterprise, and the skill of the American people. A vast expansion has taken place. The benefits have not been fully shared by the mass of the people. The rate of increase of the population has considerably diminished. The report of Mr. Seymour Bell, British Commercial Agent in the United States, describes the situation: 'Within the last five years living expenses have increased more in the United States than in the previous twenty years. These conditions, of course, cannot last, and can eventually only result in profound disturbance of social conditions. As long as the workmen continue to receive high wages they do not inquire too closely into the reasons for the increased cost of the necessaries of life. When, however, the reaction comes, more will be heard of the questions of trusts and tariffs. Financial authorities in the meantime are advising caution on the part of commercial as well as financial interests. Though the country is still extraordinarily busy and prosperous, after five years of almost continuous growth the chances of reaction are much increased.'

Reporting on the trade of the United States for the year 1903-4, Mr. Seymour Bell has the following observations: 'In the past year was reached the climax of an almost unparalleled period of prosperity. Values were forced up to extreme limits, speculation was enormous, and the over-extensions of business led eventually to a curtailment of credit. More securities were thrown on the country than it was able to absorb, and the natural reaction set in. Contraction of business immediately took place. Large orders which had been given out for railway and building materials were cancelled, and a period of comparative quiet commenced. The country requires time to rest and recuperate, and the gambler time to forget this period of inflated prices and excessive speculation. At the present time it would be exceedingly difficult to float a company of any size. The investing public will require a considerable time to forget their heavy losses during the late industrial boom. How long this period of recuperation will last depends largely on the size of the crops. The financial and business world is experiencing a period of cautious and conservative trading, which

has been rendered necessary in order to restore confidence, and satisfy the country as to whether a serious business depression is impending.'

Lord Goschen. We have reviewed the conditions at home and abroad. Shall we not agree with Lord Goschen, speaking at Halifax, when he said 'he looked at the high prices they were paying for their manufactures, at the trusts which were such a blot upon the prosperity of the United States, and at the anxiety which was being excited in the German Parliament by the state of that country. He did not see that these countries had gained much by that protection which was now being offered as a panacea for dwindling exports.'

Australia.

Until the Commonwealth was established, Australasia offered to students of economics an object lesson of singular interest. Victoria and New South Wales were neighbouring States and not dissimilar in climate and resources. Both countries had made their beginnings under a free-trade system, Victoria being far ahead of New South Wales in manufacturing industries. In 1866 Victoria became protectionist. New South Wales adhered to free trade. Compare the relative conditions in 1902:

	N	UMBER	s E	MPLOYE	D	Victoria 1	New South Wales
Males .						47,059	54,461
Females.					٠	19,470	11,674
				Total		66,529	66,135
Victoria		VALUE	of	Оитрит	Г	New	South Wales
£18,513,000						. €2	4.394.000

The imports of Victoria in 1899 were £15 4s. 9d. per head as against £19 in New South Wales, and the

exports £16 as against £21 2s. 11d. Between 1891 and 1898 the population of New South Wales had increased by 35,000; in Victoria the numbers had diminished by 104,000. With these facts in view, it is not surprising that the Board of Inquiry appointed by the Victorian Parliament reported that the free-trade view of the origin of these phenomena may be correct!

Under protective duties sweating has been a crying evil in Victoria. At a mass meeting in Melbourne Town Hall, Mr. Deakin has given his support to a motion to the effect that 'the long hours of forced labour at starvation wages in unhealthy and unventilated hovels, where men, women, and children are huddled together indiscriminately, is a crying evil productive of hardship, disease, and vice.'

Returning to our own country, all the indications Royal point to an improvement in the condition of the people. sion on There are many poor. It is a national duty to improve their condition by the administration of charity, therein following the noble example set by the Queen, and there are measures, slower in their operation, but more lasting in their effect, which the wisdom of Parliament should plan and carry into effect.

As a nation we are advancing. We have the testi- General mony of Royal Commissions after exhaustive inquiry. In 1886 the Commission on the Depression of Trade comreported that, exclusive of those engaged in agriculture, on Deprofits and the numbers assessed to income-tax were of Trade, increasing. They observe that 'there is no feature of 1886. the situation which we have been called upon to examine so satisfactory as the immense improvement which has taken place in the condition of the working

classes during the last twenty years. The workman in this country is, when fully employed, in almost every respect in a better position than his competitor in foreign countries, and we think that no diminution in our productive capacity has resulted from this improvement in his position.'

Labour Commission, 1894.

The same encouraging conclusion was reached by the Labour Commission in their Final Report issued in 1894: 'The impression left by the evidence as a whole is that among the more settled and stable population of skilled workpeople there has during the last half-century been considerable and continuous progress in the general improvement of conditions of life, side by side with the establishment of strong trade custom adapted to the modern system and scale of industry. Experience may fairly be said to have shown that this part of the population possesses in a highly remarkable degree the power of organisation, selfgovernment, and self-help. Workpeople of this class earn better wages, work fewer hours, have secured improved conditions of industrial and domestic life in other respects, and have furnished themselves through trade unions and friendly societies with means of providing against the various contingencies of sickness, accidents, and temporary want of employment.

'The classes who compose the lower grades of industry, regarded as a whole, have probably benefited no less than the skilled workers from the increased efficiency of production, from the advantages conferred by legislation, from the cheapening of food and clothing, and from the opening out of new fields for capital and labour. In their case also the improvement manifests

itself in better pay and more favourable conditions of work; but chiefly in this, that of the mass of wholly unskilled labour, part has been absorbed into higher grades, while the percentage of the total working population earning bare subsistence wages has been greatly reduced.

'There is still a deplorably large residuum of the population, chiefly to be found in our large cities, who lead wretchedly poor lives, and are seldom far removed from the level of starvation; but it would seem that not only the relative, but perhaps even the actual, numbers of this class are also diminishing.'

CHAPTER V

DUTIES ON FOOD

as a bond of Imperial unity.

Preference Preference has been advocated as a bond of imperial unity. No practicable scheme has been, or could be, proposed. The chief exports of Canada to the United Kingdom consist of food. The exports of Australasia consist mainly of wool and the precious metals. has been agreed nemine contradicente that raw materials must be admitted duty-free. A duty on wheat has been declared by responsible members of the late Conservative Government to be equally impracticable. Mr. Akers-Douglas, the Home Secretary, stated, in his place in Parliament, that the Government were opposed to duties on food. More recently, Lord Salisbury said that the policy of putting a tax on corn was foredoomed to failure before a British electorate. The latest pronouncements in the same sense are those of Lord Londonderry. The members of the Government were divided. A majority in the Conservative ranks are followers of Mr. Chamberlain.

> It has been contended that a duty on wheat will fall, in part or wholly, on the producer abroad, and not on the consumer at home. The effect of a duty on imports is explained by Mr. Arnold-Forster, in his History of England. 'Adam Smith showed that if a tax of five shillings were put on a quarter of wheat

Adam Smith. coming from a foreign country, the result was that the wheat cost the buyer five shillings more than it would have done without the tax: the miller who bought it had to pay five shillings more in his turn, and the shopman who bought the flour five shillings more; and lastly those who bought the loaves made out of the flour had to pay five shillings more on the bread they ate, and thus it was not the foreigner who had to pay the tax, but the people in this country who were really taxing themselves. This seems clear enough now, but it was a long time before the truth was understood.'

In every country in which a duty is laid on wheat Prices of the price to the consumer is increased by the amount wheat and bread. of the duty.

PRICES OF WHEAT, 1903

		Per quarter		Import duty per quarter		Price without the duty	
Italy France Germany United Kingdom		8. 44 40 35 27	d. 2 8½ 6 6	s. 13 12 7	$egin{array}{c} d. \ 1 \ 2rac{1}{2} \ 7rac{1}{2} \ 0 \ \end{array}$	8. 31 28 27 26	d. 1 6 10½ 6

The German pays the duty of 7s. $7\frac{1}{9}d$. and 1s. $5\frac{1}{9}d$. more; the Frenchman pays the duty of 12s. $2\frac{1}{2}d$. and 2s. more; the Italian pays the duty of 13s. 1d. and 4s. 7d. more. The price of the 4-lb. loaf in 1903 was $4\frac{1}{2}d$. and 5d. in the United Kingdom; 10d. in the United States; $6\frac{1}{2}d$. in France; and $5\frac{1}{4}d$. in Germany. Our workingpeople have no cause to envy the lot of the breadwinner under protection.

Taxes upon foreign produce will raise the price of all food produced at home by the full amount of the

Lord George Hamilton. duty. The cost was calculated by Lord George Hamilton. The value of foreign produce to be taxed is about £105,000,000. Adding a similar amount for Colonial and Home produce which is not to be taxed, but which will rise in price in consequence of the tax upon its competitors, the consumer would pay 5 per cent. upon 200 millions of food supplies. A charge of £10,000,000 will be laid on the mother-country. The gain to the colonial producers will not exceed £1,500,000.

The principle of preference and protection being accepted, we have yet to hear the final word as to the amount of the duty. To protect the British farmer from foreign competition in the supply of wheat, five shillings a quarter would not suffice. At Protectionist meetings ten shillings a quarter has been demanded. 'I know perfectly well,' said Mr. Ritchie in a recent speech, 'that if the policy were adopted and this shilling were to be given to Canada, it would only be the commencement of a much larger scheme; and I feel now convinced that if the country assents to the imposition of taxes again, however small those taxes may be at the commencement, they will inevitably rise year by year, as they have done both in France and Germany.'

Ritchie.

Mr.

Results of duties on food. The advocates of preference hold out promises to the workers that the rise in bread and meat will be inappreciable, and fully compensated by reductions in tea, sugar, and tobacco. If there is no rise in price, the colonies gain little by preference, and the fiscal tie becomes ineffective as a bond of empire. If the price of bread is raised to the poorest classes, with whom it is the staple article of food, they cannot be compensated by a fall in the untouched luxuries of tea, sugar, and tobacco. If food duties were imposed, every class but the wealthy would suffer. Clerks on small salaries, railway-men, women-workers, unskilled labourers, would find the costs of living increased, and with no chance of compensation.

It is sought to gain the support of the masses for a policy of preference by the delusive promises of more constant employment through the expansion of trade. Lord Goschen showed in his speech in the House of Lord Lords how false are the hopes thus lightly raised. 'Who,' he asked, 'will take the responsibility of saying, "Let us put a tax on food, and I will guarantee that your wages shall be raised"? I say that is a tremendous responsibility, and one which I, for one, would be most reluctant to undertake.' To assume that wages must rise with a rise in prices is opposed to sound theory and all experience. Never were the wages of our agricultural population so low as when duties were laid on corn, and bread was dear.

And we have been fittingly reminded by Mr. Jesse Mr. Jesse Collings that 'if the tenant farmers became prosperous through protection, competition for the privilege of occupying the farm would soon give all the advantage to the landlord in increase of rents.'

Mr. Chamberlain has put the argument more Mr. recently advanced by Mr. Jesse Collings with his lain. unrivalled and convincing lucidity. Speaking in the House of Commons, on March 24, 1882, he said: 'I do not know whether the honourable member (Mr. Ecroyd) thinks you can tax food without raising its price. I

would, at any rate, lay down the axiom, to begin with, that that is impossible; and that it is only by increasing the price that the object of the honourable member can be achieved, and that you can stimulate the growth and prosperity of our Colonies. The modest proposal he makes (to tax grain 4s. or 5s. per quarter) would raise the price of home-grown corn also, and the result would be that the British consumer would have to pay a tax of £40,000,000, £14,000,000 of which would go to the revenue if the foreign importations continue, and £26,000,000 would go, not to the farmer or labourer for, if anything is proved by the experience of the past, it is that it would go neither to the farmer nor the labourer-but to the landed interests, to enable them to keep up their rents. All I have to say to a proposal of that kind is that it could never be adopted by the country; or, if adopted, it would be swept away upon the first recurrence of serious distress.'

Lord John Russell. In this connection, let us recall Lord John Russell's address to the electors of the City of London. 'I used,' he said, 'to be of opinion that corn was an exception to the general rules of political economy, but observation and experience have convinced me that we ought to abstain from all interference with the supply of food. Neither a Government nor a Legislature can ever regulate the corn market with the beneficial effects which the entire freedom of sale and purchase is sure to produce. The struggle to make bread scarce and dear, when it is clear that part at least of the additional price goes to increase rent, is a struggle deeply injurious to an aristocracy which (this quarrel once removed) is strong in property, strong in the construction of our

Legislature, strong in opinion, strong in ancient associations, and in the memory of immortal services.'

If signs of physical deterioration are anywhere seen, it is not statesmanship to check the consumption of wholesome food. In the words of Sir Robert Peel, Sir Robert 'If there be, from any cause, a tendency to the consumption of articles of the first necessity much more rapid than the increase of population, the responsibility of undertaking to regulate the supply of food by legislative restraints, and the difficulty of maintaining those restraints in the event of any sudden check to prosperity or increased price of subsistence, will be greatly augmented.' So, too, Sir John Gorst: 'If we Sir John tax food, a number of those who are now above the poverty line would sink below it, and those already below it would sink yet lower. Free importation of food is vital to the physical and moral well-being of the nation, and is, therefore, at the root of true Imperialism. A great Imperial power cannot be founded on a starved and degraded population.'

A nation whose industrial fabric has gradually adjusted itself to protection may add to or manipulate its tariffs without serious risks of disturbance. Our population has multiplied in dependence on cheap supplies. Sudden and considerable change in the fiscal policy to which we have adhered for sixty years would bring intolerable hardship to all whose standard of living is low, and who have no margin for emergencies.

Speaking in the House of Lords on June 15, 1903, the Duke of Devonshire specially insisted on this grave Duke of aspect of the fiscal controversy:—'I do not think it has believed. been sufficiently remembered that, whether our fiscal

system be a right one or not, we are living in conditions that have been brought about by a system of free imports, and we must take those conditions as we find them. Those conditions are not in every respect as satisfactory as we could desire. No doubt the wealth of the country has increased, no doubt the business of the country has increased. At the same time, the population of the country has increased, perhaps almost to an equal extent; and, in spite of our national wealth, in spite of the prosperity of the people employed in some of our great industries, there are to-day millions of people for whom the margin between themselves and famine is very slender. My lords, it is free trade, or rather free imports—it is cheap food—which is responsible for having brought those millions into existence. We have to deal, not, perhaps, with the best possible organisation of society in our country; we have to deal with it under conditions which have been brought about by our present fiscal system, and we must be very careful indeed before we alter those conditions in a manner which may possibly reduce the margin which now exists between those people and want. My lords, I say under these circumstances I should hesitate very long before I could bring myself to assent to changes the effect of which, as far as I know or have the means of knowing, might be to improve the condition of certain of the higher ranks of labour, but which might also have the effect, so far as I know or can have the means at present of knowing, of breaking down that barrier which still exists between those millions and absolute starvation. These are questions, I think, which anyone who professes to be a statesman will admit

cannot be solved simply by counting votes at a General Election. And for myself I say that, if I knew that every working man who possesses a Parliamentary franchise was prepared to give his vote in favour of trying this experiment, and if I knew that our Colonies were ready to meet us in that experiment as fully as we could desire, I would not be a party to a trial of that experiment unless I were convinced in my heart and conscience that that experiment was justified on sound economical grounds, and that there was reason to believe that it would tend to the benefit of the great masses of the people as well as to that of some of the more favoured sections of the working classes.'

A preferential duty on corn has been urged, on Duty on the ground that if all corn were taken from Canada certainty of supply would be assured. In peace and in war it will be best for Great Britain to import without duty from all wheat-growing countries. We draw three-fourths of our imported supplies of breadstuffs from foreign sources. In the prairies of the Canadian North-West, seasons vary:

YIELD PER ACRE

1899					19	bushels
1900		,		4	9	99
1901					25	22

In 1904 we saw a notable change in our sources of supply. We took little from the United States; the deficiency was made good from Russia, India, the Argentine, and Australia. Why deprive ourselves of the full benefit of the elastic resources which a free-trade policy affords?

Mr. Chamber-

By no statesman has the policy of taxing food been condemned in clearer and more cogent argument than by Mr. Chamberlain himself. In the House of Commons on August 12, 1881, he spoke as follows: 'Lastly, sir, is anyone bold enough to propose that we should put a duty on food? Well, sir, I can conceive it just possible, although it is very improbable, that under the sting of great suffering, and deceived by misrepresentation, the working classes might be willing to try strange remedies, but one thing I am certain of-if this course is ever taken, it would be the signal for a state of things more disastrous than anything which has been since the repeal of the Corn Laws. A tax on food would mean a decline in wages. It would mean more than this, for it would raise the price of every article produced in the United Kingdom, and it would indubitably bring about the loss of that gigantic export trade which the industry and energy of the country, working under conditions of absolute freedom, have been able to create.'

Later, at Birmingham, in 1885, in a speech quoted by Mr. Morley in the House of Commons on February 8, 1904, Mr. Chamberlain said: 'I will say that Lord Salisbury does intend'—and here I think he was unjust to Lord Salisbury—'to put a duty upon corn, though he does not think it convenient at the present moment to say so, and, although he allows some members of his Government to argue in favour of it in one place, he enjoins upon other members of his Government to repudiate it in another. Remember, this is not a question upon which the Government can be allowed

to have two voices. If you are going to tax the bread of the people you will affect every householder in the land; you will throw back the working classes of the country to the starvation wages and the destitution from which Mr. Gladstone and Sir R. Peel have relieved them.'

CHAPTER VI

BACK TO THE LAND

Rural depopulation. Proposals for putting a duty on corn commend themselves to some as a means of bringing population back to the land. They deplore the disproportionate growth of an urban population under poor physical conditions. Such considerations appeal to all.

> Ill fares the land, to hastening ills a prey, Where wealth accumulates, and men decay. Princes and lords may flourish, or may fade, A breath can make them as a breath has made; But a bold peasantry, their country's pride, When once destroyed, can never be supplied.

By adopting the methods of cultivation still practised in Belgium and France, large numbers might be employed. Their earnings would be miserable. With extended use of machinery two hands now produce as much as three hands fifty years ago.

If food can be produced at a less labour cost in foreign countries than at home, and manufactured goods can be produced at a less labour cost at home than in foreign countries, the exchange of manufactures for food is advantageous. It should not be hindered by tariffs. To discourage industries is not to benefit agriculture. Its prosperity will be best assured by the growing demand, and the better markets for its produce which industrial expansion affords.

List, in his remarks on 'Commercial Operations and List. On Productive Forces,' has some important observations on depenthe aspect of the tariff problem we are now considering. 'A nation which possesses merely agriculture, and merely the most indispensable industries, is in want of the first and most necessary division of commercial operations among its inhabitants.' . . . 'Under a normal development of the productive powers of the State, the greater part of the increase of population of an agricultural nation (as soon as it has attained a certain degree of culture) should transfer itself to manufacturing industry, and the excess of the agricultural products should partly serve for supplying the manufacturing population with provisions and raw materials, and partly for procuring for the agriculturists the manufactured goods, machines, and utensils which they require for their consumption, and for the increase of their own production.' . . . 'In order to restrain the continued depreciation of the agricultural power of a nation, and gradually to apply a remedy to that evil in so far as it is the result of previous institutions, no better means exists (apart from the promotion of emigration) than to establish an internal manufacturing power, by which the increase of population may be gradually drawn over to the latter, and a greater demand created for agricultural produce, by which consequently the cultivation of larger estates may be rendered more profitable. Compare the condition of agriculture in the vicinity of a populous town with its condition when carried on in distant provinces. In the proximity of the town the farmer is in a position to use every patch of land for those crops which best suit the character of the soil. He will produce the greatest variety of things

to the best advantage. Garden produce, poultry, eggs, milk, butter, fruit, and especially articles which the farmer residing at a distance considers insignificant and secondary things, will bring to the farmer near the town considerable profit.' In every civilised country the urban population is increasing. It is the same in France, where the numbers are almost stationary; in the United States, where large tracts are still only partially settled; and in Germany, where the growing number of the dwellers in cities and towns, who must find in manufacturing industries the means of living, is a principal cause of the severe competition we have to meet.

Rural and urban population abroad.

The following figures are taken from the Board of Trade Tables:

FRANCE

Census Year	Total Population	Urban Population	Proportion of Urban to Rural Population					
1846 1891 1896	35,400,000 38,343,000 38,517,000	8,644,000 14,811,000 15,025,000	24·4 87·4 89·11					
GERMANY								
1871 1890 1900	41,010,000 49,423,000 56,397,000	14,790,778 28,248,229 80,688,000	86·1 47·0 54·3					
	UNITED STAT	res of America						
1850 1890 1900	23,191,816 62,622,250 75,487,467	2,897,586 10,284,385 24,902,190	12·49 29·20 33·11					

Commenting on these statistics Sir Alfred Bateman observes: 'In absolute numbers the increase in the town population both in Germany and in the United States is beginning to be greater than can be the case in the United Kingdom. In Germany the increase in thirty

years is $15\frac{3}{4}$ millions, and this exceeds by $5\frac{3}{4}$ millions the total increase in the population of the United Kingdom in the interval. The increase of seventeen millions in the town population of the United States between 1870 and 1900 exceeds by seven millions the total increase of the population of the United Kingdom in the same period. Neither in Germany nor in the United States is there reason to look for changes which will make the people go back to the land.

Let us endeavour to bring the people back to the Remedies land by better methods than the levying of duties on cultural wheat. As it is shown in the Report of the Royal Commission issued in the autumn of 1897, 'agricultural depression is general all over the world. It may be severe and prolonged in countries which, like the United States, are large exporters of corn. The Commissioners report that for some time past there has been general over-production of corn. The remedy was to be found in giving attention to other products of the soil, to the supply of meat and dairy produce, poultry, vegetables and fruit. This has been the tendency of late, and the position of the farmer has in consequence considerably improved.'

Mr. Keir-Hardie has urged that wood-growing Afforestawould be profitable. Our imports of timber exceed £23,000,000 per year. The forests of the German Empire are mostly under public control, and cover 35,000,000 acres. They maintain a population of 400,000, and yield a yearly revenue to the national exchequer of about £18,000,000, Waste lands in the United Kingdom should be afforested by Government under the supervision of a forest department organised under the Minister for Agriculture.

It is beyond the scope of a compilation on the fiscal problem to discuss in detail intense cultivation, fruit-farming, the production of butter in factories, as in Denmark, the technical training of the cultivator, and the many other means by which the land may be made more productive and increased numbers employed in country districts.

CHAPTER VII

IMPERIAL UNITY BY TARIFFS

When the fiscal question was first raised by Mr. Chamberlain, Imperial unity was his main purpose. It has been shown how burdensome to the motherland must be the cost of preferential duties on food.

It is said that the Colonies have made the offer of some compensating advantages to the commerce of the mother-country. They make no offer which would give admission to British goods duty-free into their markets. Nor can Colonial Treasurers deprive themselves of their revenue from customs. More than half the revenue of Canada and the Australian Commonwealth is drawn from customs.

It is the aim of every civilised country to give variety of opportunity to every class and every aptitude. The Colonies resolved to establish manufactures: they judge it unwise to depend wholly upon agriculture and mining. In Canada, where outdoor employment except in lumbering is suspended in winter, protection for industrial employments is essential.

When Canada gave a preference to the mother- Canadian land, care was taken—and rightly so—to retain duties preference. which would be protective to local industries, even against the mother-country. Under the liberal policy inaugurated in 1899, a preference of 331 per cent. was

given to Great Britain. On manufactured articles, which alone we were able to supply, the reduced duties averaged 25 per cent. The raw materials, drawn from the United States, were admitted free of duty. The imports from the homeland and from the United States since preference was established are shown in the table:

IMPORTS INTO CANADA (PERCENTAGES)

						From d Kingdom	From United States
Before pref							
Averag			1893	3-7		32	49
After prefe	renc	e:					
1898		•				25	59
1902				•		25	58
1903					•	26	61

The advantages offered under the Canadian tariff were described by Mr. Chamberlain, in his speech at the opening of the Colonial Conference of 1902, in no very glowing terms. 'I have to say to you that while I cannot but gratefully acknowledge the intention of this proposal and its sentimental value as a proof of goodwill and affection, yet its substantial results have been altogether disappointing to us, and I think they must have been equally disappointing to its promoters. So long as a preferential tariff, even a munificent preference, is still sufficiently protective to exclude us altogether, or nearly so, from your markets, it is no satisfaction to us that you have imposed even greater disability upon the same goods if they come from foreign markets, especially if the articles in which the foreigners are interested come in under far more favourable conditions.'

The Canadian Government made no concession Memoto Mr. Chamberlain's appeals. In the Memorandum by canadian delegates delegates. explained their position. The necessities of the country required the admission, free of duty, of raw materials, machinery, and tools. These articles were supplied from the United States. The textile goods which Great Britain could supply were largely manufactured in Canada. 'Canadian manufacturers naturally expected a share of the home markets, and, as their establishments developed they correspondingly expected a larger share.' The delegates claimed that 'an advantage has been given to the British manufacturer. . . . If he has not availed himself of it, the fault is not that of the Canadian Government or the Canadian fiscal policy.'

We must not look for better terms from Canada, Mr. Field-On his return to Canada, after attending the Conference, Mr. Fielding, the able Finance Minister, made a statement to the Canadian Parliament. 'There is no room,' he said, 'for any misunderstanding as to the position taken by the Canadian Government. At the last Conference, held in London, we frankly stated that we could not undertake to give further preference, in a manner which would operate to the disadvantage of our own industries. As between the British manufacturer and the Canadian manufacturer, we thought we had gone as far in the way of reduction of duties as we could.

So far from reduction, the duties on British goods have been increased. In his Budget statement, June 7, 1904, Mr. Fielding announced that representations had

been made that the woollen industry was suffering severely from competition. The Government proposed to fix a minimum tariff of 30 per cent. on woollen goods.

Sir Wilfrid Laurier. There has been no indication that duties on British goods can be lowered in any speech delivered by Sir Wilfrid Laurier since Mr. Chamberlain's proposals were brought forward. Addressing the Congress of the Chambers of Commerce of the Empire at Montreal, in 1903, he said: 'As far as Canada was concerned, they were intensely desirous of having a preferential market for food products in Great Britain; but they did not want to force their views. . . . If further concessions were to be made by Great Britain, they must be mutually profitable.' No reductions of tariff were proposed by Sir Wilfrid Laurier. He said it would take him too far into politics.

Sir Wilfrid Laurier has consistently asserted the right and the duty of self-governing Colonies to maintain their fiscal independence. At a farewell banquet in Liverpool, at the close of the Colonial Conference of 1897, he appropriately quoted Rudyard Kipling: 'Daughter am I in my mother's house, but mistress in my own.' Those words, he said, expressed truly the Colonial sentiment. The Colonies have the pride of British connection and Imperial unity; they have not less the pride of local autonomy and the pride of legislative independence. In his speech at Montreal, Sir Wilfrid Laurier was equally emphatic: 'If we are to obtain concessions from Great Britain by a surrender of our political rights, I would say, Go no further. Even for the maintenance of the British

Empire, it would be a most evil thing if any of the Colonies were to consent to surrender any of their legislative independence.'

All British statesmen are in agreement with the Fiscal independence.

Canadian Premier. We could not ask for the surrender dence. of an independence long and without reserve conceded. It is beyond recall. No self-governing Colony would consent to put fetters on the enterprise and industry of its people. In the words of Adam Smith, 'To prohibit a great people from making all that they can of every part of their own produce, or from employing their stock and industry in the way that they judge most advantageous to themselves, is a manifest violation of the most sacred rights of mankind.'

As Canada gains in population and wealth, changes in the relations with the mother-country are inevitable. Sir Wilfrid Laurier's speech at Liverpool may again be quoted: 'At the present time, so far as I know, in the Colony which I represent we are entirely satisfied with the relation that we have. We have our local autonomy, and that is the first thing with us. We all feel, however, that the time may come, and that it must come—there is no use in disguising it—when the existing relations, though they may be satisfactory at the present moment, will be inadequate for the future development of the Colony.' The Alaska boundary award may lead to a demand for more independent treaty-making powers. Already Canada has negotiated her own treaties with foreign countries. The policy has been that of Canada. The sanction that of the United Empire. We are ready to concede self-government in the widest sense. We could not

undertake to enforce the observance of a treaty in the negotiation of which we had not been consulted.

The 'Economist' on the trade position.

The 'Economist' of September 23, 1905, gave a comprehensive survey of the trade position from the pen of its able correspondent at Ottawa. It throws a clear light on the situation in Canada, in relation to preference. 'It is intended by the Government to establish a three-decker tariff: minimum duties for those countries that tax our products lightly, maximum duties for those that tax them heavily, and preferential duties for British goods. The maximum tariff will be a stiff one, while the minimum will be high enough to protect the home manufacturer. There is objection on the part of manufacturers to any preference at all being given to British goods. The cotton and woollen men declare that the existing preference-331 per cent. off the regular duties—is ruinous. The manufacturers who recently visited England are convinced that, if Canadian industries are to thrive, they must be protected as thoroughly against British as against American or German competition. Other arguments against the preference are that it procures nothing in return from Great Britain, that it does not open any new market, and that it is of very little value to the British exporter. For the fiscal year 1904-5 exports to Great Britain have declined from \$105,000,000 to \$102,000,000. Those to the United States have increased from \$46,000,000 to \$77,000,000, notwithstanding the American duties. Imports for home consumption from Great Britain have risen from \$33,000,000 to \$60,000,000; those from the United States from \$79,000,000 to \$163,000,000. Neither the high duties which the United States impose

upon Canadian products, nor the high duties which Canada imposes upon such of theirs as are dutiable, are able to overcome the natural tendency to intimate trade relations. The preference which Britain enjoys is more than offset by the natural advantages which the Americans possess in the Canadian markets. They are immediate neighbours, separated along 3,000 miles of frontier by nothing more formidable than a surveyor's line. Every kind of manufactured goods that suits them suits Canada, climatic and other conditions being the same as in the Northern States. We purchase our imported raw material and half-finished goods from the Americans, and admit them free. Of the \$60,000,000 of imports from Britain last year, only \$15,000,000 worth were free. Of, the \$163,000,000 worth bought from the United States, no less than \$84,000,000 worth, or over half, were allowed in free. It is almost certain that the duties on cottons and woollens will be increased.'

Manufacturers in the Colonies are bound to insist on protection. If the door were open they could not hold their own with Bradford and Lancashire in their home market.

At a banquet given at Toronto by the Canadian Canadian Manufac-Manufacturers' Association on November 19, 1903, Mr. turers' Drummond, President of an organisation representing Asso fifteen hundred manufacturers, spoke as follows: 'We favour a policy of reciprocal trade with the Empire by means of preference against foreign States. Canada must, however, necessarily provide under all conditions that the minimum tariff should afford fair protection to Canadian producers, so that the high standard of wages

and living may be retained on a parity with the wages paid in the United States.'

Preferential tariffs in Australia.

While in Victoria I had opportunities of discussing preferential tariffs with Sir George Turner, then Premier of the Colony, now Finance Minister under the Commonwealth Government. As in Canada, so in Australia, preference seemed only possible by increasing the duties on foreign goods. Free admission even of British goods could not be conceded.

The advocates of preference would have it believed

that they have chiefly in view the interests of the mother-country, with more protection for local industries. Speaking at Melbourne on October 30, 1903, Mr. Reid, then Premier of the Commonwealth, said: 'They wish to erect another tariff wall against the rest of the world, but to leave the existing wall against the poor old mother-country without taking a brick out. The mother-country is to be allowed inside the outer wall, but she will find an inner wall against her, and will be left to wander round this blind alley under the impression that she is getting the Australian markets.' The Protectionist idea of preferential treatment of the mother-country was to maintain the tariff wall against her. The Free-trade party would adopt no such subterfuge. Their aim was to establish a tariff for

Mr. Deakin. she desired.

Mr. Deakin has succeeded Mr. Reid as Premier. He supports Mr. Chamberlain in his proposals for duties on food. He has given no hint of a reduction of duties on British goods. He is favourable to bounties for the encouragement of the home industries of

revenue only, which would give the mother-country all

Mr. Reid.

Australia. In opening his electoral campaign at Ballarat, he spoke as follows: 'I regard preferential trade as a means of increasing population and employment . . . We owe a huge debt to London . . . An opportunity is now presented to us, such as has never been presented to Australians before; and it is presented to us in such a way that we shall secure more farmers, graziers, fruit-growers, and cultivators of the soil. We shall have more exports to send to London, instead of sending money there.'

As in Canada, so in Australia. Chambers of Manufacturers are agreed that preference can only be given by raising the duties against the foreigner. 'It would be no consolation,' it is said, 'to Australia if preferential trade did good to the British manufacturer while it impoverished the people here.'

The Cape and Natal have recently agreed to a cape and 25 per cent. preference to British imports. They have no manufacturing industries.

Assuming that the objections of colonial manufacturers were withdrawn, how far is it possible that British exports of manufactures to the Colonies should be increased? Let us turn to the Fiscal Blue-book. It contains the following memorandum on colonial trade: 'The year chosen for examination is 1900, the Board of Trade latest year for which full details for each Colony have Memobeen published by the Board of Trade. The general 1902. result of the analysis for all the self-governing Colonies is as follows: The value of the imports of merchandise from all sources into the self-governing Colonies in 1900 was £113,000,000, of which £55,000,000 were imported from the United Kingdom, £47,000,000 from foreign

countries, and £11,000,000 from other British possessions. Of the total imports from foreign countries, nearly two-thirds (£29,000,000) are accounted for by Canada, and nearly a quarter (£11,250,000) by Australia, leaving about £6,750,000 for the Cape, Natal, and New Zealand. About £9,750,000 worth of the imports from foreign countries are of a class not produced in the United Kingdom, and about £8,750,000 worth consist of articles which, though produced in the United Kingdom, we cannot expect to export to the Colonies in competition with similar foreign and colonial goods (e.g. wheat, meat, timber, butter, &c.). After deducting the above, there remain imports from foreign countries to the value of about £28,500,000. Of this amount about £16,000,000 are accounted for by Canada, £8,000,000 by Australia, and £2,000,000 by the Cape. Adding £3,750,000 for foreign goods imported into the Colonies through the United Kingdom, we arrive at a final total of about £32,000,000 sterling for the goods imported into the Colonies, in the supply of which the United Kingdom might possibly take a larger part.'

In Canada the United States have the advantage. In all other Colonies the mother-country has the lion's share. Holding, as we do, so commanding a position in the colonial markets, it is impossible by changes of tariff largely to increase our exports of manufactured articles.

Imperial Customs Tariff. Nor is it possible to set up an Imperial Customs Union on terms which would be just and equal to all. India, Australasia, South Africa, Canada, and the United Kingdom differ essentially in climate, in soil, in products, in population. Speaking at the annual banquet of the Canadian Manufacturers' Association, held in Montreal, Sir Wilfrid Laurier said: 'Uniformity of tariff could not be good for the British Empire. The differences of civilisation, of climate and production, and of conditions make it impossible that you could have in Canada the same tariff as in India, the same tariff in India as in Australia, and the same in Australia as in South Africa.'

Wool and the precious metals are the chief exports of Australia. The wool-growers and the mine-owners would receive no benefit from preference. In Canada the taxes on food will not benefit the manufacturer, the lumberer, or the French population, with a scanty surplus for the market from their small holdings. To the growers of wheat a low duty is of little account, when compared with the wide fluctuations in prices and yield per acre.

'Preference,' as Lord Hugh Cecil has truly said, 'is Lord a mechanism for giving a non-natural profit to favoured Hugh Cecil, sections and classes of the people. The duties imposed by this country will cost exporters the advantage of the treatment of a most favoured nation in foreign countries. The shrinkage of imports from the foreigner will cause a shrinkage of exports to the foreigner, and so on. Here surely is a fertile seed-bed for discontent, grumbling, and recrimination.'

'That Canada gains more than Australia, that Australia gives less than Canada, that South Africa is neglected for her more powerful sisters, that the mother-country is greedy and unfair, that her Colonies are useless and think only of sucking profit out of Great

Britain, such would be the cries that preference would give us in exchange for the mutual courtesies, regard, and co-operation which now adorn, unite, and arm our Empire.'

Sixty years ago a tariff arrangement existed between the mother-country and the Colonies. The object was to secure for the mother-country a monopoly of colonial trade. The object of preference, as now proposed, is to secure for the Colonies a monopoly in the markets of the mother-country. The former method did not make for unity, neither will the later policy have that benign effect; nay, rather for estrangement.

Colonial prosperity.

Canada.

The Colonies are prosperous. They are rich in natural resources. They have not the burdens of the old land. Contrast the condition here with the universal prosperity in Canada, a young country on the crest of the wave, possessing boundless resources still undeveloped. Read the handbills of the Commissioner of Immigration: 'Plenty of room in Canada for the toilers; ' 'Health and prosperity; ' 'Free homes and 160 acres of the best land in the world given free; ' 'a greater available food-producing area than any other country;' 'Canada's trade and commerce increasing more rapidly than those of any other country; ' 'Trade more than doubled in the past seven years;' 'Total imports and exports for 1895, \$224,000,000, total imports and exports for 1903 \$467,000,000.' Exports ever increasing-of the farm, of the forest, of the mines; everything booming as in no other country in the world to-day. In quite recent years the trade of Canada has more than doubled.

Mr. Fielding, the Finance Minister, has given the

leading statistics to the Canadian Parliament in a recent Budget speech.

Railways		1893	1903
Miles in operation .		15,005	18,987
Tons carried		20,721,116	47,373,417
Business failures		§14,762,575	§8,328,362
Deposits in chartered banks		170,817,433	328,937,458
Deposit savings banks .		55,955,590	82,013,120
Discount chartered banks	•	224,371,222	406,184,733

In New Zealand the recent financial statement of Australasia. Mr. Seddon gives a glowing record of continued prosperity. The wealth of Australasia is shown in Mr. Coghlan's well-known statistics. The attractions held out to intending settlers by the representatives of the Western Australian Government are not less alluring than those offered by Canada.

WESTERN AUSTRALIA

Land given away. Splendid soil. Abundant and Certain Rainfall. Grand Climate. Good Harvests, and Best Market in the World.

Easy Facilities of Transit.

A large and increasing Gold Yield. Coal, Lead, Iron and Copper Mines.

Magnificent Timber Resources. Pearl Shell and other Fisheries.

160 Acres of Land Free

to anyone who cares to avail himself of it.

Farms, Orchards, and Vineyards

returning a Handsome Income to their fortunate owners, who, in a great majority of cases, started only with a few pounds.

There are Hundreds of Thousands of Acres of the same class of Land Open for Selection.

Railways run through all Agricultural Lands. Steamboats run every day between the Colonies: Weekly Mail Service with England. Schools, Churches, and Agricultural Halls exist even in the smallest centres. No other country in the world offers such terms to the man with brain, muscle and pluck, and with a small amount of capital.

Impoverishment of Mothercountry. All the burdens of the new policy would be borne by the people of the United Kingdom. The impoverishment of the motherland would be fatal to the daughter States. They would gain, indeed, by preferential duties on their agricultural produce. They would not gain as much as the mother-country would lose. This is fully recognised in Canada. The Minister of Agriculture, Mr. Fisher, addressing the delegates from the Chambers of Commerce of the Empire, at Montreal, in 1903, spoke as follows:

'The success in Canada is the purchasing power of the masses in the Old Land. It is to you and to your people that we send our surplus. It is through the money received from them that we are prosperous beyond the aspiration of our people a few years ago. Anything you do to interfere with the purchasing power of your people would be the deadliest blow at Canada that you could strike. No preference you could give us in your market for the agricultural produce of Canada could make up to us for the decrease in the purchasing power of your people.'

Australian Tariff.

The difficulties experienced by the Australian Commonwealth in framing a common productive tariff for the six States should be a warning against any attempt for the Empire. A common tariff for the British Empire on terms of equal advantage to all is impossible. That truth was recognised long ago by Turgot, a statesman wiser than the age in which he lived: 'Je crois fermement que toutes les métropoles seront forcées d'abandonner tout empire sur leurs colonies, de leur laisser une entière liberté de commerce avec toutes les nations, de se contenter de partager

avec les autres cette liberté, et de conserver avec leurs colonies les liens de l'amitié et de la fraternité. Si c'est un mal, je crois qu'il n'existe aucun moyen de l'empêcher; que le seul parti à prendre sera de se soumettre à la nécessité absolue et de s'en consoler.

Preferential tariffs are not now being discussed for Ottawa Conthe first time. At other Colonial Conferences similar ference. proposals have been made. They were a prominent subject at the Colonial Conference held at Ottawa in 1894. The delegates met burning with high hope for closer Imperial unity. At the opening of the Conference, Canadian sentiment was eloquently expressed by the Premier, Sir John Thompson, a statesman whose loss was deeply felt in Canada and in England. 'On this happy occasion,' he said, 'these delegates assemble after long years of self-government in their several countries—years of greater progress and development than the colonies of any empire have yet seen in the past. We have met not to consider the prospect of separation from the mother-country, but to plight our faith anew to each other as brethren, and to plight anew with the motherland that faith which has never yet been broken and tarnished.'

At Ottawa it was resolved: 'That this Conference records its belief in the advisability of a customs arrangement between Great Britain and her Colonies by which trade within the Empire may be placed on a more favourable footing than that which is carried on with foreign countries.' The resolution was carried by the votes of Canada, Cape of Good Hope, Tasmania, South Australia, Victoria, against New South Wales, New

Zealand, Queensland. The Honourable G. E. Foster, P.C., LL.D., Minister of Finance for the Dominion of Canada, who introduced the resolution, was the leading speaker in its support. In advocating the institution of preferential tariffs he urged that emigration to the Colonies would be stimulated and their resources more quickly developed, while the mother-country in turn would gain from the security of her food supply, and the increased value of her colonial trade. Co-operation and unity could in no way be more effectually promoted than by the cultivation and extension of the mutual and profitable interchange of their products. Trade and commerce carried with them knowledge and sympathy. It was impossible for the commercial community of Great Britain to have to do with the commercial interests, with the trade interests, of any country, especially with the trade interests of the parts of the Empire, without getting a large knowledge of the resources, the capabilities of these different parts. The powerful and common bond of a material and social interest was the guarantee of the future unity, the future stability, and the future prosperity of the great British Empire.

Such were the arguments. Mr. Foster had no proposals for freedom of trade: 'We believe,' he said, 'rightly or wrongly—and we have acted on that belief—that, to develop our own industries in the peculiar circumstances in which we were, we had to have something more than revenue duties. We have developed industries; we would not care to see them destroyed.'

The interests of the mother-country were well represented at Ottawa by the Australian delegates. Some points from their speeches may be given. Mr.

Lee Smith (New Zealand) said that British trade had Mr. Lee been built up on the principles of free trade. On no account whatsoever must they do anything which would in the slightest possible manner hamper Great Britain in her trade relations with the world at large. Great Britain was a free-trade country; it must necessarily continue to be a free-trade country if it was going to preserve that pre-eminent position which it already held, and which he hoped it would always hold, in the commercial affairs of the world. Great Britain imported about £24,000,000 of wheat every year. Putting the small duty of a shilling per quarter, it would mean a taxation of £1,200,000 a year. How were they to take duties off in retail articles to meet that? It was impossible. Great Britain would be simply taxing her people for our benefit. It was unfair.

So too Mr. Forrest: 'Let each of us calmly con- Mr. sider what the probable effect might be if Great Britain's commercial treaties with foreign countries were terminated. Would not the probable effect be to decrease her foreign export trade, and if so, would not the Colonies be injured? Anyway Australia would be injured. Australia was a great producing country, and nearly all its surplus products go to England. If they crippled the trade of the mother-country, they crippled the trade of Australia. Where would they be if they could not send their products to Great Britain? It was impossible to alter the fiscal policy of even the smallest country without producing results which were never intended. . . . England did not produce wool to any great extent, but she was a large exporter of woollen goods which were manufactured chiefly from Australian

wool. She was also a large exporter of other goods manufactured by her from Australian raw material. By England's assistance, Australia found a market for her products in foreign countries. They must be careful not to do anything that might interfere with, or limit, or cripple her trade with foreign nations. Furthermore, England was a free-trade country. . . . She did not, and could not, produce what she exported. She must purchase the greater portion of the raw material, and, if she was to maintain her position, she must obtain such raw material as cheaply as possible. She must also obtain the food for her people as cheaply as possible. He could not see how England could at present alter her free-trade policy.'

Mr. Sutton. Hon. Mr. Sutton (New South Wales) spoke on the same side: 'He had heard many strong protectionists in the Australian Colonies, and the same might apply to Canada, who argued and admitted that if they were in England, having the feeling of Englishmen, they would be free-traders rather than protectionists. The great distinction between the Colonies and England was that they are all large producing centres, whilst England was a large manufacturing centre, and he had often heard protectionists say, if they were in England and belonged to a great manufacturing centre, they would be free-traders.'

Mr. Fitzgerald. Hon. Mr. Fitzgerald (Victoria) asked: 'What was the position of England in regard to colonial produce? In the first place, the Victorian tariffs were all directed as much against England as against any foreign country. England was willing to acknowledge that. They might love England very much, but the colonial manufacturers were just as tenacious regarding manufactures as the manufacturer of England, of France, of Belgium or any other country. If England was to continue to be the centre of the manufactures of the world, it was essential that the cost of the living of her workers in manufactories should be as low as possible. He saw no chance whatever to expect any reversal of the policy with regard to breadstuffs.'

Two Colonial Conferences have been held since that which assembled at Ottawa. They have met under the presidency of Mr. Chamberlain. His magnetic influence and persuasive eloquence have failed to secure the passing of any resolutions which would commit the Premiers to that policy of the more open door, without which arrangements of reciprocal advantage are impossible.

The difficulties of a fiscal bargain with the Colonies Lord were plainly stated by Lord Salisbury in reply to a Salisbury on tariffs. deputation from the United Empire Trade League. 'If,' he said, 'you give preferential treatment to your Colonies, it must be that you tax the similar goods from the rest of the world, and that the Colonies are to command a better price for their goods than they would obtain under unrestricted competition. A better price for the vendor means a more disagreeable price for the consumer, and we have to receive proof that the people of this country are in favour of a policy of preferential taxes on wheat, on corn, and on wool.'

A bargain, on mutually satisfactory conditions, is One-sided impossible between a country seeking to increase her exports of manufactures, and a country chiefly concerned to protect her industries. If we cannot look for

Mr. Chamberlain.

engagements from the Colonies to give free admission to British goods, preferential tariffs on foodstuffs in the home market would be a one-sided bargain. And against such a bargain Mr. Chamberlain has always protested. On June 9, 1896, addressing the Congress of Chambers of Commerce of the Empire at Grocers' Hall, London, he said: 'This proposal for Imperial reciprocity requires that we should abandon our system in favour of others, and it is in effect that while the Colonies should be left absolutely free to impose what protective duties they please, both on foreign imports and on British commerce, they should be required to make a small discrimination in favour of British trade. in return for which we are expected to change our whole system and to impose duties on food and raw material. Well, I express my own opinion when I say that there is not the slightest chance that in any reasonable time this country, or the Parliament of this country, would adopt so one-sided an agreement. The foreign trade of this country is so large, and the foreign trade of the Colonies is comparatively so small, that a small preference would be but a slight benefit. I do not believe the working classes of this country would consent to make a revolutionary change for an infinitesimal gain.' What would be the effect of artificially high prices on food and the raw materials of staple industries? Dear food and costly living, expensive manufactures, loss of employment to large numbers of workmen, reduction of exports; commerce, shipping, and all its allied industries would decline, trade depression would set in, suffering and ruin to many industries must ensue.

Let us not insist further on preferential tariffs. Lord In his speech in the House of Lords in June last, it was finely said by Lord Goschen: 'Is it fair to put the mandate before the people-No preference; no Empire? I think that would be unjust to the people of this country and to the people of the Colonies. . . . Surely it is not to depend simply upon a commercial bargain with the Colonies. Without commercial bargains, the Colonies have lavished their blood in South Africa and we have lavished our millions in the protection of the Empire, asking but little in return. Under these circumstances I am not to be told that if we cannot accept this plan we are to accept the fate of a dying Empire. The resources of statesmanship are not, I hope, exhausted.'

There was no fear of separation during my residence Experiof five years—five happy years—in Australia. Nowhere ences in Australia. could we look for more loyal demonstrations than were made on the occasion of the Diamond Jubilee of her late Majesty. The Irishmen were conspicuous with their green scarves in every procession. I was serving in Australia when the first contingents were despatched to South Africa. I was an eye-witness of those moving scenes. There was the same disinterested patriotism, the same loyalty to the old flag, in free-trade Sydney as in protectionist Victoria. It was no question of tariffs. Men do not lay down their lives for their country for a 2s. a quarter duty on corn. When the reverses came in South Africa and the Empire needed help from all her sons, with one heart and one voice they responded to the call. They were moved by no sordid considerations—Amor patriae ratione valentior.

people had carried into their new homes beneath the Southern Cross an undying love for the old home. They were inspired by the same feelings which, in an early age of the world, were kindled in the Greek Colonies by the sacred fire, brought from the parent State, and kept for ever burning.

Melbourne Argus.' The bonds which unite us do not depend on personal associations. A leading journal—the 'Melbourne Argus'—has described in glowing language Australian sentiment: 'The words and deeds of the young Australians who have grown up out of sight and touch of the mother-country belie the notion that disruption has any place in their thoughts. Never a breath of trouble stirs in the old land but the pulses of Australians beat faster and the resolute pride of race mounts higher. Talk of contemplated severance can only be treated as idle vapouring.'

Canada. Mr. Aylesworth.

Canada is loyal. Mr. Aylesworth, an eminent lawyer of Toronto, has given expression to Canadian opinion in a recent speech: 'I am happy to think that there has always existed among the people of Canada one subject upon which there is unanimity, one subject in regard to which, whatever differences may exist among us, there is never any room for any difference, and that is the advisability of our maintaining at all hazards, at all costs, and to all extremes, our connection with the British Empire. I have no quarrel with our neighbours who prefer the republican form of government, but upon principle, as well as upon the dictates of experience and in the light of history, I am firmly of the opinion that no system of government upon the face of the globe can be found equal to that which obtains among the British people.'

The benefits of their British citizenship to distant Colonial Conference, 1887. address presented by the delegates to the first Colonial Conference in 1887: 'Your Majesty's reign has, under Divine Providence, endured for half a century; and amidst revolutions and changes of dynasty and of systems of government in other countries, the principles of the laws of your predecessors for a thousand years still offer your subjects that safety and prosperity, and the Empire that stability, which claim the admiration of the world.' The delegates concluded the address with the prayer that the Queen's throne might remain established in the land in justice and righteousness for generations to come. Our lamented and venerated Queen has been called to her rest, and her son now reigns in her stead. The King is rendering signal services to the Empire, and chiefly in the cause of peace abroad and loyal contentment at home. His recent visits to Portugal, Italy, and to the French Republic have had a magical effect. No Minister could have accomplished what the King has done. He could not have spoken as the King speaks-in the undivided name of all his people. Nor should the auspicious journeys of the Prince and Princess of Wales be forgotten in this connection. They will long live in the memory of our fellow-subjects beyond the seas.

Why indeed should our self-governing Colonies Advandesire to sever the Imperial ties? We treat them with tages secured generous confidence. We import all their products to self-governing Total colonies. duty-free, and ours is their best market. Australasian exports £58,000,000; Australasian exports to United Kingdom £36,000,000. Total Canadian

exports £35,000,000, Canadian exports to United Kingdom £18,000,000. We receive no contribution from Canada—a small sum only from the other Colonies-in aid of Imperial defence. The military expenditure of the Colonies is not one-tenth of that incurred by Great Britain. We give unlimited powers of self-government, and all the privileges of British citizenship. We stand ready to shed the last drop of blood in their defence. Such being the terms-the generous terms-on which the unity of the Empire is maintained, it can hardly be claimed that we, in this old land, burdened with manifold responsibilities, should lay upon ourselves taxes on food and taxes on raw materials, unless some effective reciprocal advantages are offered. It is for Canada, it is for Australiapractically no other of our vast British possessions is in question—to say whether they are ready for free trade. Their industries are in an early stage of development, and need protection. The preference we have thus far received is not an effective preference. If we ourselves are barred out by a tariff sufficiently protective to exclude our goods, a still more prohibitory tariff against foreign countries does not help us. We have as yet no indication of a change in colonial fiscal policy. Australia the labour party is the ruling force. representatives favour protection and bounties to local industries. Canada is protectionist.

Earl Russell and Earl Grey. Let us dismiss the view that Imperial unity is to be of value chiefly for the interchange of trade and mainly to depend upon a system of preference. Rather let us look to the political advantages which Earl Grey and Earl Russell sought to attain when they gave self-

government to Canada and Australia. They were of opinion that no alliance between independent States could be so close and intimate as the connection which united the Colonies to the United Kingdom. They recognised that the power of the British Empire lies largely in a moral influence, which would be diminished by the loss of the Colonies to a degree which it would be difficult to estimate. They desired that the authority of the British Crown should be sustained as the most powerful instrument, under Providence, of maintaining peace and order in many extensive regions of the earth, and thereby assisting in diffusing among millions of the human race, the blessings of Christianity and civilisation. Their view was that 'the Colonies enjoyed, in return for their allegiance to the British Crown, all the security and consideration which belonged to them as members of one of the most powerful States in the world. No foreign Power ventured to interfere with the smallest of them, while every colonist carried with him, to the utmost quarter of the globe which he might visit, that protection which the character of a British subject everywhere conferred.'

The new fiscal policy is advocated as a bond of True Imperial unity. A preferential tariff, on conditions very onerous to the mother-country and not conferring any sensible advantage on the Colonies, is a feeble link in comparison with the ties of racial sympathy. If these were weak, it were vain to look for a rally round the old flag in the hour of national peril. It is well said by the Edinburgh Reviewer: 'The great moral discovery of the nineteenth century within the British Colonial Empire was that the tie of sentiment grew as

the tie of law weakened.' The true links of Empire are the racial sympathies—the language and literature, the history which we all share, the constitution under which we all live, the religion we all profess.

Britain's myriad voices call, 'Sons, be welded, each and all Into one Imperial whole.

One life, one flag, one fleet, one throne, Britons, hold your own.'

The bonds of such a union are silken bonds; but they are strong as adamant, and they give a powerful moral support to the mother-land.

CHAPTER VIII

TRADE IN NEUTRAL MARKETS

In seeking new outlets for our trade with our own Expanpossessions, we should look not only to the self-govern- trade with ing Colonies, where we compete with protected local industries, certain to become in time as efficient as our own, but rather to those vast regions of the globe where conditions are not favourable to manufacturing industries, and where combined advantages of skilled labour and untaxed food and raw materials have enabled our manufacturers to hold thus far a commanding position. The relative value of the trade of the United Kingdom and the principal protected countries to destinations outside the group may once more be given from the second fiscal Blue-book:

TRADE WITH IDENTICAL NEUTRAL MARKETS

Average of Triennial Period	United Kingdom	Germany	France	
1880-1882	Million £ 132.8 172.7	Million £ 25.5 50.9	Million £ 29.8 86.9	
Increase, amount	39.9	25.4	7.6	

Between the temperate zone and the tropics, the exchange of products reaches in value illimitable millions. Improved transportation affords ever-increasing facilities. There are no barriers of protection. The British Colonies

and Possessions which require no protection send to us $9\frac{1}{2}$ per cent. of our imports, and take $21\frac{1}{4}$ per cent. of our exports. The Colonies to which a preferential scheme would apply send $10\frac{1}{2}$ per cent. of the imports and take $11\frac{1}{4}$ per cent. of the exports of the motherland. If preference is adopted, its benefits must be limited to that section of the Empire which provides one-tenth of the external trade of Great Britain. It must be detrimental to that trade which concerns four-fifths of its imports and seven-tenths of its exports.

Trade between the temperate zone and the tropics is, in the fullest sense, for their mutua ladvantage. The populations of temperate countries are skilled in industries, and capable of sustained effort. Supplies of fuel are abundant. The moist climate is favourable for the manufacture of textiles. The tropics give, in exchange for manufactures, coffee, tea, cocoa, tropical fruits, fibres, india-rubber, and other raw materials. These products of fertile soils and a burning sun form each year a larger share of the importations into the temperate zone countries.

Adam Smith. The results of the discovery of America and a passage to the east by the Cape of Good Hope, and those which have followed in our own time, from the completion of the Suez Canal, were foreseen by Adam Smith. He early perceived that the commercial towns of Europe, instead of being the manufacturers and carriers for a small part of the world, would become the carriers, and in some respects the manufacturers too, for vast regions in Asia, Africa, and America. New worlds would be opened to their industry, markets growing still greater and greater every day.

The Blue-book relating to colonial administration United lately compiled at Washington deals specially with Bluetropical colonies. We are reminded that the colonies book. of the world are chiefly located in the tropics, while the governing countries are in the temperate zone. Of the 140 colonies, dependencies, and protectorates of the world, more than a hundred are in the tropics; and of the 500,000,000 people governed by races other than that of the immediate territory which they occupy, fully 450,000,000 are in the tropics. Practically all the people within the tropics, except those on the American continent, are governed by temperate zone nations. It is to the tropical colonies and countries that we should look for expansion. About half the population of the world is found in China, Africa, South America, and India-all countries of the open door, and equal opportunity for all.

The tropical imports into the United Kingdom Balance considerably exceed £60,000,000. The importation into the United States already exceeds our own large totals. The average value is over £200,000 a day, Our vast trade with the tropical countries is a prime factor in adjusting the balance of our indebtedness in the direct trade with the protected countries. The excess of our imports from France and the United States represents dividends on British investments, payments for freights, remittances to cover the expenses of European travel, and to a large extent importations of tropical produce supplied by British merchants, and exchanged by the producer against British manufactured goods.

Among the dependencies of the Crown, India is India. the best market for British goods. To Canada,

Australia, and South Africa our exports in 1904 were less than in 1903 by over £7,000,000. In the case of India we had a magnificent increase of more than £6,000,000. In the first half of 1905 we increased our purchases from the self-governing Colonies by £9,889,000. They took less from us by £467,000.

The statistics of the external trade have been recently supplied by the Government of India. The average foreign trade of India for the last five years has been £125,500,000, made up of exports, £75,500,000, and imports £50,000,000. The imports average for the last five years £33,240,000 from Britain, £4,785,000 from British possessions, or more than £38,000,000 from the British Empire, and £12,000,000 from all other countries. Of this £12,000,000 not less than £4,000,000 consists of tropical and other objects, such as wine and oil, which we do not produce, leaving only £8,000,000 out of £51,000,000 with which British manufacturers could under any circumstances compete.

The value of the imports of foreign merchandise was thus distributed amongst the principal countries trading with India:

_	1899-1900	1900-01	1901-02	1901-03	1903-04
United Kingdom Belgium	68·9 2·6 2·4 2·3 8·4 2·7	68·8 3·2 8·4 8·2 8·7 8·0	64·5 8·7 3·7 2·4 8·9 2·9	66·8 8·9 2·7 2·5 8·4 2·9	64·9 8·9 8·4 8·1 2·9 2·9
Austria-Hungary . China France United States Japan	8·4 2·8 1·4 1·7	4·1 3·8 1·4 1·6 1·1	4·8 2·2 1·7 1·4 0·87	8·2 2·8 1·8 1·5 1·0	2·6 2·8 1·9 1·5 1·5

Our preponderance is increasing. In the last five years our exports to India have risen £3,400,000; those of France, £250,000; Germany, £300,000; Belgium (part being German), £500,000; while those of the United States have actually fallen £100,000. India is a debtor country. The debt of India, on which interest is payable in this country, is no less than £300,000,000. India's obligations as a debtor are discharged by exports, and these exports are sent to foreign countries. In 1902-3 the exports were £83,900,000, and the imports £52,500,000. Of the exports £21,165,000 were to the United Kingdom; £11,000,000 to other parts of the British Empire, and £51,690,000 to foreign countries, principally China and Japan, but largely also to America, Germany, France, Belgium, and Italy. As Lord Lord George Hamilton has pointed out, India exports to George Hamilton. these foreign countries far more than they export to India. They pay for their imports from India by the export of their manufactured goods to Great Britain. By the exchange of commerce by this triangular route, the annual interest due to the British holder of Indian stock is covered. Under existing conditions these exports of India to foreign countries pass through the open door.

So too the Government of India. 'Exports to Government of a value exceeding £38,000,000 sterling, and approxi- India. mating to one-half of the entire value of our export trade, are admitted free of duty into the consuming markets, while of the remainder a considerable proportion is either subject to relatively moderate duties, or, as in the United Kingdom, to duties imposed for purely revenue purposes, and with no attempt to

differentiate against us. This remarkable and gratifying result is directly due to two causes, viz. (1) to the favourable fiscal policy of the United Kingdom, and (2) in far greater degree to the nature of the bulk of our exports, which consist in great measure of raw materials which are an object of importance, if not of necessity, to the countries importing them. The Government of India is not favourable to the proposals for a reversal of our fiscal policy. Its views are given in a letter addressed to Mr. Brodrick, under date October 22, 1903: 'India is a debtor country. The annual charge, amounting to £16,000,000, is payable in a currency different from that in which her revenues are collected. Payment can only be made by an excess of exports over imports. Tariff wars with powerful countries must unfavourably affect the export trade. Such a result would be fraught with the gravest consequences. By ten years of effort, sacrifice, and perseverance we have slowly built up a fair measure of public confidence in the stability of our finance. . . . But if by a change of fiscal policy the balance of trade in our favour should dwindle or disappear, the whole work of ten years would be sacrificed. . . . We cannot sufficiently impress this danger on your attention. . . .

'In a financial aspect, the danger to India of reprisals by foreign nations, even if eventually unsuccessful, is so serious and their results would be so disastrous that we should not be justified in embarking on any new policy of the kind unless assured of benefits greater and more certain than any which have so far presented themselves to our minds.'

On the Indian aspect of the fiscal question all the

authorities are agreed. Three ex-Viceroys, Lord Northbrook, Lord Elgin, and Lord Ripon, the last two Secretaries of State on both sides of politics, Sir Henry Fowler, Lord George Hamilton, Sir M. E. Grant Duff, late governor of Madras, and Lord Reay, late governor of Bombay. Lord Curzon has recently returned to this country at the close of a term of office extended beyond the ordinary period, and marked by brilliant services. The minutes of the Government of India, drawn up under his authority, have been cited.

In this connection there is a consideration not lightly to be disregarded. The Indian people, as Lord Lord George Hamilton has pointed out, are protectionist Hamilton. almost to a unit. So long as free trade is the policy of this country, and we believe its working is beneficial to the country which adopts it, we have the moral right of imposing free trade on India. The cotton imports from Great Britain to India alone amount to £20,000,000; but if free trade is to be discarded as the policy of this country, we cannot deny to India the right of following. The loss in our export trade to India would more than outweigh any increase we might obtain from the selfgoverning Colonies.

The warning note of Lord George Hamilton was not untimely. The Maharajah of Baroda, in his presi-Maha-rajah of Baroda address at the Indian National Congress of Baroda. 1902, made an earnest appeal for protection, if only for a short time, for India's nascent manufactures. 'Some time,' he went on to say, 'must elapse before more perfect methods are naturalised in India, and the standard of the Indian workshop attains the excellence

of Europe. A high wall of tariffs has secured to American manufacturers the home market, as an undisputed field for their own development, and India, maimed and helpless as she has been, may expect that relief from her beneficent Government.'

It is our conviction that protection would not confer upon India the benefits which its people, with imperfect knowledge of economic principles, anticipate. Let us be helpful to India by other and more practicable means.

The Anglo-Saxon genius for the development and administration of Colonies has found in India an everwidening field. In 1901 25,373 miles of railway had been constructed, the capital having been raised with the aid of the State. No less than 30,000,000 acres of land have been made fertile by irrigation. Jute mills, cotton mills, and many other flourishing industries have been established by British capital and enterprise in every part of India. The external trade of India has expanded with the growing power of production. The task of the Government in development of the natural resources of India is not achieved. A field unlimited in its variety and extent is open to private enterprise. Irrigation is the work of the Government. The extension of railways may be fitly undertaken by private enterprise.

Once more. We have in India a magnificent dependency which is the envy and the admiration of the world. Can we hold India in undisturbed possession as a protectionist Power, closing the ports to every foreign flag, dealing with all the resources of the country as a monopoly to be used for our exclusive advantage? The danger of such a policy was pointed out years

ago by Lord Rosebery in the Free Trade Hall of Manchester: 'We have followed,' he said, 'a wiser and safer course. The door stands open to commerce in every dependency administered under the British Crown. The revenue of India exceeds £100,000,000. Not more than five per cent. is contributed from customs. Busy ports, such as Hongkong and Singapore, are free. The policy of Great Britain is not exclusive.

Java offers another example of the development Java. of a tropical country under European administration. The exports of Java in 1870 amounted to 61,000,000 guilders. In 1898 they had risen to 203,000,000 guilders-an increase of 230 per cent. In 1870 the imports of merchandise amounted to 44,000,000, and in 1898 to 160,000,000 guilders—an increase of 250 per cent.

The value to European commerce of the establishment of distributing centres in the tropics is seen consingapore. spicuously in the trade of Hongkong and Singapore. Hongkong was ceded to Great Britain in 1841, and the Straits Settlements in 1824 in exchange for Sumatra. Hongkong has become a distributing centre for British goods in transit to China, Japan, and the Philippines; Singapore has become the centre for Siam, Burma, Indo-China, the Malayan Peninsula, and the East Indian Islands. The trade from these central points of distribution is described in the American Blue-book: 'The value of the markets of the great semicircle of countries and islands to which Hongkong, Singapore, and Manila may form convenient distributing points is more than a billion dollars annually, or, to be more nearly exact, about 1,200,000,000 dollars annually, an average of 200,000,000

dollars a month. The annual importations of Japan, Korea, Asiatic Russia, China, Indo-China, Siam, the Malayan Peninsula, India, the East Indian Islands, and Australia, which aggregate the enormous sum above named, are chiefly of the classes produced only in the temperate zone. Breadstuffs, provisions, and manufactures of all kinds form the large bulk of this great importation, and it is in these articles, especially manufactures, that the United Kingdom has built up her commerce with the countries adjacent to her great distributing centres in the Orient from 2,000,000l. in 1840 to twelve times that sum in 1900.'

Japan and China. Turn to Japan. Practically the whole of the cotton yarns imported into Japan are from Lancashire. In rails and railway material, England obtains the lion's share of the orders. We are the leading traders with China. Mr. Jamieson, Commercial Attaché to His Majesty's Legation at Peking, reporting on the foreign trade of China for 1902, informs us that 50 per cent. of the produce passing through Hongkong is of British origin. Great Britain's share of China's foreign trade, on the lowest computation, constitutes 43 per cent. of the whole.

The construction of railways appeals strongly to the son of a pioneer in that branch of industry. Asia offers a vast field. Railways are only in their first beginning.

Egypt.

Nearer at hand we have in Egypt the latest illustration of the expansion of trade between an industrial and an agricultural country. The resources of Egypt are being developed by vigorous and careful administration under Lord Cromer. The exports of British produce have grown with the prosperity of Egypt.

VALUE

1894				£3,193,158
1904	a			8,273,443

Lord Avebury gives another striking illustration, Argentina. that of Argentina:

ARGENTINA IMPORTS

From the	United Kir	ngdom	1				87,000,000	pesos
"	United Sta	tes .					30,000,000	99
23	Germany						30,000,000	23
99	France					٠	9,000,000	22
	ARGENTINA	Ехро	RTS	of	Britisi	1 I	PRODUCE	

1894		4		1.4	£4,515,417
1904					10,847,264

The mutual benefits and unlimited scope for expan- Temsion of a trade, unfettered by tariffs, between the temperate regions and the tropics were fully appreciated and tropics. by List. 'Those nations only which produce all kinds of manufactured goods at the cheapest prices can have commercial connections with the people of all climates and of every degree of civilisation; can supply all requirements, or, if they cease, create new ones; can take in exchange every kind of raw materials and means of subsistence.' . . . 'The most important articles of importation of the nations of the temperate zone consist in the products of tropical climates. By far the greatest part of these products is paid for with manufactured goods. In this interchange a vast field is opened out to industry in the manufacturing countries of the temperate zone. Such a trade must advance civilisation and production in the countries of the torrid zone. In the trade between the temperate regions and the tropical division of labour and combination of the powers of

production are carried to an extent never possible in ancient times, before the commerce of the East was opened up to European manufacturers and merchants by the Dutch and English.'

Our trade with the tropics should engage the keenest attention from our merchants and manufacturers. It is capable of unlimited expansion. As a free-trade country Great Britain holds the field in the neutral markets of the world. Protection would be fatal. It must increase the cost of production and diminish consumption. The demand in tropical regions is conditional on the cheapness of commodities.

CHAPTER IX

RETALIATION

RETALIATION is a policy of the last resort, to which sir recourse should be had only under conditions such Edward Grey. as were laid down by Sir Edward Grey: 'He could imagine a case in which some foreign country might mete out to us treatment that was so obviously hostile and unfair that it would be impossible for us to sit still under it, but before he resorted to retaliation he would ask to have five things proved to him clearly. The first was that there was such a case of hostile treatment on the part of a foreign country; the second was that all the resources of ordinary diplomatic negotiation had been exhausted; the third, that commercial reprisals would not hurt us more than they would hurt the other country; the fourth, that they were likely to be effective; and fifth, that there was no other or better way of bringing pressure to bear to obtain our ends.' As Mr. Arthur Elliot, not the least able of the ministers who have lately resigned, has shown, we are free to consider every case on its merits.

The policy of the British Government was explained by Mr. Balfour at Sheffield. 'It was no new policy. If Mr. a country did us grievous injustice we were bound to consider our own interests.' Mr. Balfour was careful to explain that we must do no injury to ourselves. We

Adam Smith on retaliation. may recall the warnings of Adam Smith against a too implicit confidence in politicians and merchants. 'There may be good policy in retaliations when there is a probability that they will secure a repeal of duties. To judge whether such an effect is likely to be produced belongs to that insidious and crafty animal, the statesman or politician. When there is no probability of securing a repeal of duties, it seems a bad method of compensating some classes to do injury ourselves to other classes.'

In every country it must be the interest of the great body of the people to buy whatever they want of those who sell it cheapest. The proposition is indisputable. It seems superfluous to give proofs. 'Nor,' to quote Adam Smith, 'could it ever have been called in question, had not the interested sophistry of merchants and manufacturers confounded the common sense of mankind. Their interest is, in this respect, directly opposite to that of the great body of the people.'

Effect of protection on wages.

The new fiscal policy has been commended to the working man by officials in positions of responsibility, on the assumption that the less we import from the foreigner the more constant must employment be at home, and the higher the rate of wages. The answers to such fallacies should be made plain to every elector. There is no better answer than Mr. Asquith's catechism.

Mr. Asquith's catechism.

- 'Q. What is free trade?
- A. A shibboleth.
 - Q. By whom was it invented?
 - A. By one Adam Smith, a professor who had

probably never set foot in a factory in his life. A later writer, Carlyle, is a much safer guide.

- Q. How, then, did it come to be adopted as part of the policy of this country?
- A. Through the machinations of a middle-class con spiracy, headed by one Cobden, whose main object was to lower wages of labour.
 - Q. How has the superstition managed to survive?
- A. Because there are people simple enough and short-sighted enough to imagine that in foreign trade it is well to receive more than you give.
 - Q. Can you give a practical illustration of this?
- A. Since the year 1860 the imports into the United Kingdom have exceeded the exports, according to the Board of Trade returns, by no less than £4,000,000,000 sterling.
- Q. What does that mean? Translate it into terms of wages and employment.
- A. Roughly speaking, the loss in wages to British workmen is £2,000,000,000.
 - Q. How, then, have we escaped ruin?
 - A. By the mercy of Providence.
 - Q. And how are we to set ourselves right?
- A. We must wait for the report of the Tariff Commission.'

In a speech at Sheffield in November 1896, Mr. Bal-Mr. Balfour met the demands of the fair-traders with fair trade, a lucid explanation of the course of trade. 'A great foreign export trade carries with it as a mathematical consequence a corresponding import trade. If it be desired that the export trade should be a great trade,

there must be an import trade to pay for it. We must be paid in goods—we can be paid in nothing else; and we must not only be paid in goods for what we export, but we must be paid in goods for the interest on the capital which we have invested abroad. It would be unreasonable to be alarmed at the growth of manufactures by foreign countries. That growth is inevitable. Like it or dislike it, let us not grumble at what is really the result of inevitable laws.'

President McKinley. In the last speech which he delivered President McKinley said: 'A system which provides a mutual exchange of commodities is manifestly essential for the continued and healthful growth of our export trade. We must not repose in fancied security that we can for ever sell everything and buy nothing. If such a thing were possible it would not be best for us or those with whom we deal.'

Imports of manufactures. Imports of manufactures into the United Kingdom have steadily increased from £20,000,000 in 1860 to £135,000,000 in 1904. Has employment become less regular with increasing exports?

Sir Robert Peel took off or reduced duties on over a hundred articles. The exports rose from £46,000,000

in 1842 to £60,000,000 in 1845. When the Corn Laws were repealed the exports rose with a bound. In 1853 they were nearly £100,000,000.

The movements of trade in France, as Mr. Meredith Effect of has shown, have been hindered by protection. 1860, in the brief interval of more open trade, imports rose from 2,521,000,000 francs (the average of the previous five years) to 3,231,000,000 francs (the average of the next five years). Exports rose from 2,813,000,000 francs to 3,449,000,000 francs. Increase in imports 23 per cent., in exports 28 per cent.

The return towards high protection began in 1882. The succeeding years down to 1887 saw the introduction of high protection for agriculture, the protectionist system culminating in 1892:

(In Millions of Francs)

Quinquennia	Imports	Absolute increase of Imports	Per cent.	Exports	Absolute increase of Exports	Per cent.
1878-1882	5,870	3,110	112	4,930	1,850	60
1893-1897	6,620	750	12	5,780	850	17

In 1879, under the influence of Prince Bismarck, William Germany became protectionist. The results proving Dawson. unsatisfactory, in 1891 the duties were considerably in Gerlowered by Caprivi. In the last six years of the high tariff, the exports were, on an average, £162,000,000 a year. In the first six years of the low tariff they rose to an average of £199,000,000. Increase £37,000,000. This remarkable expansion of industrial production at home and trade abroad is attributed largely by Mr. Dawson to the policy of freer exchange introduced between 1892 and 1894.

Protection many.

Triangular movement of trade.

Trade, as it has been said, is exchange. We do not pay in silver and gold; we pay in goods and service. The wide and varied movements of international trade are obscured to the ordinary observer in the vast volume and extent of the transactions. Under protection we should manufacture for ourselves what we now buy cheaper from abroad. We might stimulate our less efficient industries; our more efficient industries would suffer. Would it be for our advantage to import a less quantity of silks from Lyons and to export less quantities of cottons from Lancashire and of woollens from Yorkshire? For every workman who is displaced as a producer of articles which are essentially the raw materials of industries, many more are in employment in the more finished stages of manufacture.

Adam Smith on employment of capital.

Once more Adam Smith: 'Every individual is continually exerting himself to find out the most advantageous employment for whatever capital he can demand. It is his own advantage, indeed, and not that of the society, which he has in view. But the study of his own advantage naturally, or rather necessarily, leads him to prefer that employment which is most advantageous to the society.' The theories of the economist are confirmed by the experiences of men of affairs. In the celebrated petition of the London merchants drafted by Tooke and presented to the House of Commons in 1820, it was urged that freedom from restraint was calculated to give the best direction to the capital and industry of the country, enabling each country to export those articles for which its own situation is best adapted.

Professor Smart. The increase of foreign manufactured imports arises, as Professor Smart has pointed out, from the increased

division and specialisation of industry: 'The woollen industries of France and England are approximately of equal importance; it might be thought, therefore, that there would be no interchange of woollens between the two countries. On the contrary, each country imports from the other enormous quantities of yarns and tissues. This interchange results from the specialisation of each branch of the trade in one or other of the two countries. and this specialisation is, as it has been seen, to the advantage of both parties.' Bradford excels in finishing woollen goods, Belfast in finishing linen goods, and in both cases Continental manufactures are imported to be finished at Belfast or Bradford. A tax on the importation would not cause them to be made at Bradford.

Many things which are classed under the head of 'manufactured and semi-manufactured articles' are in reality raw materials. Completely finished manufactures represent a value of under £50,000,000. Our total import of manufactured goods constitutes a trifling percentage on the total production of British industries. The output of manufactured goods in the United Kingdom is estimated at £900,000,000; the value of the imports of manufactured goods is estimated at £120,000,000.

As Professor Bowley observes 'More than 4 per Professor cent. of the total national income is expended on the purchase of imported manufactures of all kinds, and it is in no way surprising that, in the internal division of labour which has been so long in progress, a small proportion of the commodities we consume should be imported from foreign countries.'

If imports were checked, the shipping interest would Trade of receive a fatal blow. It gives employment to vast

Mr. Methuen.

numbers. This aspect of the question has been ably presented by Mr. Methuen: 'London is the clearinghouse of the world. From her docks and wharves are distributed from every country to every country the riches of the globe. In one year our London exports and imports were £227,000,000—a commerce growing, and each year giving wages to more men. Do you think if you add 25 per cent. to the cost of everything, and, by reducing the imports, reduce in the same ratio the exports, that London will be able to employ the same number of dock labourers, stevedores, sailors, engineers, carmen, railway men and clerks, and to feed the thousands of women and children who depend on these men's wages for their daily food? If you put a tax on food you take from them the little security they now possess. If you put a tax on imports you reduce the volume of trade and throw out of employment one quarter at least of the 700,000 workmen in the great London trades. You reduce the work done by the 250,000 men who are engaged in the transport, the 100,000 clerks, and the 200,000 shopkeepers and dealers. Here, then, are over 1,000,000 persons, the greater number of whom will certainly lose some of their employment by restricted trade, and on each unit of this 1,000,000 depend at least three other persons-3,000,000 people, the majority of them the weakest and the poorest, all suffering in order that more profits may go to the powerful few.

The facilities offered to trade under the system of free imports has made London the chief financial and trading centre of the world. Mr. Felix Schuster, governor of the Union of London and Smith's

Mr. Schuster. Bank, in his speech at the half-yearly meeting on July 29, 1903, dealt with the fiscal policy from the standpoint of the merchant and the banker. 'London,' he said, 'was admittedly the banking and financial centre. Go where they would, a bill of exchange was the one medium of exchange which always had a ready market. A bill on London was created in every part of the globe. There was always a seller because goods were shipped here; there was always a buyer because goods were obtained from here, because our ports were free, because our doors were open to the trade of the whole world. It was through being the centre of the world's commerce that we had become the world's clearing-house, that our money market had been the cheapest in the world; this in its turn had enabled us to find for our Colonies and for foreign nations cheap capital for the development of their industries. Second only in importance to our supremacy as international bankers, another interest which must be most carefully safeguarded was our position as the carriers of the world. The whole economic condition of this country depended on the supremacy and maintenance of our shipping industry a supremacy which appeared to have been attained only through our trade relations with all parts of the world.'

My friend Mr. F. H. Jackson, a leading member Mr. F. H. Jackson. of the great Huth firm, has summarised the position in a recent contribution to the 'Economic Journal.' He shows that since the resumption of specie payments London is the only free market for gold in Europe; that our carrying trade is the largest in the world; that we are the great money-lenders of the world; that

we are habitually the cheapest money market in the world; that our trade still remains ahead of all competitors; that our exports of manufactures are larger than those of any other country; and that, if we add our exports and imports together, our total trade is nearly equal to that of any two of our competitors.

Average import duties.

A flying survey of our trade will show, that under present conditions, England must be a loser in a war of tariffs. We should begin retaliation with the countries which levy the heaviest duties.

Russia.

In Russia the duties on imports of British goods are no less than 131 per cent. Here, if anywhere, retaliation is justified by the treatment we receive. Would it help us? Let us compare the imports of manufactures on both sides for the year 1902. Our imports from Russia were valued at £26,000,000, consisting, according to a classification by Mr. Sydney Buxton, of the following items:

Foodstuffs				£13,500,000
Raw materials				10,000,000
Manufactures (chiefly	paper)			290,000
Semi-manufactures .			•	110,000
All other articles .				1,770,000
				£25,670,000

Our exports of manufactures to Russia in 1902 were £6,209,000. Our imports of the same class were £400,000. In a war of tariffs we should be more vulnerable than Russia.

United States. Our trade with the United States, though obstructed by a rigorously protective tariff, is on a vast seale. Duties of no less than 73 per cent. are levied on some British goods. Our imports in 1902 were £127,000,000a vast excess over exports. Was the trade unprofitable? Would retaliation help us? Of manufactures we imported to the value of £9,300,000; of semi-manufactures -chiefly leather-£3,900,000. Even the machinery we import—to a limited extent—from America is an aid to British labour. It makes it more efficient. The great bulk of our imports consisted of food and raw material. We could not exist without these cheap and abundant supplies. And how is the balance of trade adjusted? Not in gold and silver. In the four years 1899-1902 we imported of the precious metals from the United States to the aggregate value of over £46,000,000. We sent to the United States the insignificant sum of £125,000. The excess of our imports was represented by payments for freights to British shipowners, by dividends on investments, by importations of tropical products supplied by British merchants.

British exports of produce to the United States are increasing. Three quarters ended September 30, 1904, £14,779,898; 1905, £17,319,211. The bulk of our exports are manufactures. Exports from the United Kingdom to the United States being largely in excess of imports, is it policy to enter upon a tariff war? In America the opinion grows that the McKinley tariff is too protectionist. It has favoured over-capitalised trusts and combines. Individuals have amassed portentous wealth. Trades highly protected have enjoyed an excessive but ephemeral prosperity. The consumer has been heavily burdened. If wages are high, the cost of living is excessive. It were surely wise to take no action on our part which might check

the movement in favour of more freedom for trade. In a war of tariffs we should be the greater sufferers. In the vast trade with the United States every transaction is for our advantage. We shall injure ourselves if we throw impediments in the way.

France.

Let us turn to our nearest neighbour. In France, the duties levied on British imports are 30 per cent. Our direct imports largely exceed our exports. In 1903 imports from France £49,347,184; exports £23,146,730. We are sending certain manufactures such as silk broadstuffs in increasing quantities. Imports from France must always exceed exports. How is the balance adjusted? The course of trade is less advantageous to England than at first sight appears. We export manufactures to India, China, and tropical countries. We take in exchange jute, raw silk, indigo, coffee, rice-in short all that varied tropical produce, the consumption of which, in France as in all highly civilised countries, is ever increasing, the demand being largely met by consignments through British merchants. Our trade with France is an exchange of manufactures for manufactures by a triangular route. The exclusion of French silks would diminish the quantity of English goods now sent, directly or indirectly, to France. We pay for all that we take from the foreign producer in manufactures to which we can apply our capital and labour to more advantage.

It may be said, 'The money now spent on imported silks would be spent on something else, on which English labour and capital would be employed.' Yes, but less profitably employed. The French beat us as manufacturers of silk. We do better in other lines.

We might not have consented to all the conditions of the treaty negotiated by Mr. Cobden if we had foreseen that there would be no reciprocity. To recall what has been done is more difficult.

Retaliation and exclusion are not a new policy with foreign nations. In the same decade of the last century in which Sir Robert Peel was engaged in inaugurating the free-trade system under which our country has so greatly prospered, my father was constructing the first lines of railway made in France-those connecting Paris with Rouen, Havre, and Dieppe. So prohibitory were the French tariffs that the duty on rails imported from England exceeded the first cost. There were no mechanical works in France capable of turning out a locomotive engine; yet the import duties were so high that it was necessary to create a new establishment at Sotteville, near Rouen, where all locomotives and rollingstock for the railways were made by English and Scotch mechanics, some six hundred of whom were employed. As formerly in France the pioneers of railways set up industrial establishments-to avoid the payment of oppressive duties of customs—so now in Russia, factories are established with British capital to escape duties on cotton goods on a prohibitory scale.

Let us examine the probable effects of retaliation 'Proon our trade with Germany. Twenty-five per cent. tection in Germany, duties are levied on British manufactures. If the scale by William is lower than in the case of Russia, the United States, Harbutt Dawson. and France, Germany stands less in need of protection. As the largest manufacturer of the cheap goods in demand in the Colonies and the neutral markets of the tropics, and as the chief exporter of manufactured and

half-manufactured articles into our home markets, Germany is everywhere our most serious competitor. Great and Greater Britain are, however, the best customers for German goods. We have, therefore, in hand at all times the power to bring pressure to bear.

The total amount of our imports from Germany in 1899-1901 was over £31,000,000, while the direct exports of British produce from this country to Germany were under £26,000,000. For the three years 1879-81, triennial average value in sterling: imports £23,000,000, exports £18,000,000; in 1889-91 triennial average value: imports £27,000,000, exports £19,000,000. The increase in our imports from Germany in the twenty years has been £8,000,000, or thirtyfive per cent. on the average. Increase in our exports to Germany £7,000,000, or thirty-nine per cent. Both countries have reaped advantages. We are among Germany's best customers, twelve per cent. of Germany's import trade and nineteen per cent. of her export trade being trade with the United Kingdom. The balance of trade between the United Kingdom and Germany is adjusted by exchange of goods. The British Empire exports as much to Germany, Holland, and Belgium as it takes. Australia and India pay for imports from the United Kingdom by exporting wool and tea to the Continent on British account in payment for large purchases of goods for the United Kingdom.

Germany.

Views of Colonial Premiers. The Colonial Premiers who took part in the Conference of 1903 knew well that they had in their hands a 'revolver' quite as formidable as that with which the United Kingdom is armed. The report of the proceedings gives their views as follows: 'In

connection with the discussion of preferential trade, the Conference considered the point raised by the Commonwealth Government as to the possibility of the Colonies losing "most favoured nation" treatment in foreign countries in the event of their giving a tariff preference to British goods. As, however, the exports from the Colonies to foreign countries are almost exclusively articles of food or raw materials for various industries, the possibility of discrimination against them in foreign markets was not regarded as serious; and as the exports from foreign countries to the Colonies are mainly manufactured articles, it was recognised that, if such discrimination did take place, the Colonies had an effective remedy in their own hands.

While holding strongly to free trade, as the best policy for all nations, and in a special sense for the United Kingdom, it is not contended that the power we possess, as the best foreign customer of every industrial country, should never be used. There may be cases where we should gain on the whole by refusing to buy at prices below the tair cost of production. It is well that our rivals should see that we are watchful over our own interests. It is evident that our recent discussions on fiscal policy have been followed with anxiety. We hear no more of exclusion from the privileges of the most favoured nation.

CHAPTER X

TARIFF WARS

Tariff wars never succeed. When our fiscal system was protectionist, the continued efforts of Sir Robert Peel and Mr. Gladstone, then Vice-President of the Board of Trade, were unavailing. Mr. Morley quotes Mr. Gladstone's reflections on this part of his career: 'Between 1841 and 1844 we were anxiously and eagerly endeavouring to make tariff treaties with many foreign countries. Austria, I think, may have been included, but I recollect especially France, Prussia, Portugal, and, I believe, Spain. And the state of our tariff, even after the law of 1842, was then such as to supply us with plenty of material for liberal offers. Notwithstanding this, we failed in every case. I doubt whether we advanced the cause of free trade by a single inch.'

It has been said that tariffs are more severe since 1846, when free trade was established. That, as Mr. Asquith has shown, is not the fact. 'The tariffs to-day are mildness itself as compared with those which existed in the days of Sir Robert Peel.'

The recent experiences in Russia, Germany, France, and Italy should not encourage a return to protection as an instrument of negotiation. From 1888 to 1898 a war of tariffs was waged between France and

Mr. Gladstone on tariff treaties.

France and Italy.

Italy. The trade between the two countries fell during the struggle from over £19,000,000 to £10,500,000, a year. The conclusion of peace brought some mutual concessions, shared, however, by Great Britain, as entitled by treaty to the privileges of the most favoured nation. The trade between France and Italy has never fully recovered.

The Franco-Swiss tariff war lasted from 1891 to France 1895. The exchange of trade had averaged £12,680,000. and Switzerland. It fell during the contest to £9,390,000. No advantage was gained on either side.

The Russo-German war of tariffs continued from Russia 1892 to 1895. The trade between the two countries Germany fell from £35,200,000 to £26,770,000 a year. The concessions agreed to were unimportant. England, under the most favoured clause, shared the benefit. With the close of the tariff war with Russia, Germany's exports to that country increased considerably. Russia having once more raised the duties on finished goods, cottons and woollens, Germany has retaliated by putting increases of duty of from 43 per cent. to 200 per cent. on Russian grain and other agricultural produce. It has not secured better terms.

The latest experiences of Germany are not encouraging to Protectionists. New treaties have been negotiated with Italy, Belgium, Austria, and Switzerland. Both sides have in each negotiation been armed with The treaties negotiated thus far have been received with execration from the interested parties. The 'Frankfurter Zeitung,' a leading commercial journal, complains that in the treaty with Russia the iron trade has been sacrificed; that on other articles of German export the duties have been raised with no compensation in reductions on other articles. The treaty with Italy is said to be disappointing; those with Switzerland and Roumania, bad; that with Austria-Hungary, abominable. In Germany all the interests complain. The landed interest is clamorous for higher duties on corn, the industries for higher duties on manufactures. The consumer suffers; the workmen become Socialists.

Most favoured nation. If we put duties on our imports, one consequence is sure to follow which we should indeed have cause to regret. We should lose, as Lord George Hamilton has pointed out, the advantage of being treated everywhere as the most favoured nation. Thus far the tariffs accorded to us have been as good as any protectionist country has been able by retaliation to secure.

Retaliation is not favourable to good relations between the nations, and let us not be blind to the possible consequences of such a policy. Approximately seventy-two per cent. of the imports into Great Britain consist of food and raw materials. Over thirteen per cent. consist of partly finished goods, six per cent. are finished manufactures, and nine per cent. various articles of luxury. British exports include eighty-three per cent. manufactures, six per cent. food, eleven per cent. raw materials, chiefly coals. A war of tariffs might probably result in the imposition of export duties on our imports of raw materials, and an increase of import duties on British manufactures. Such a result would be disastrous.

We may agree with Sir Edward Grey. It is difficult to find cause for disagreement with a statesman whose reasoning is always sound, and who never fails in the courtesies of debate-

Ille regit dictis animos et pectora mulcet:

'I fear, then, that protection means to Great Britain sir an artificial increase of the cost of production for which Grey on we shall receive no compensating benefit; we shall protection. certainly incur some tariff wars with other countries, and when these are over we shall be lucky if we find ourselves with tariffs against us not more unfavourable on the whole than they are now. We shall, in fact, expose our export trade to the risk of tariff wars and handicap it by the certainty of increased cost of production; our trade will contract; some millions of the population who are dependent upon the present volume of trade being maintained will be eliminated by a process of suffering and distress; the strength of Great Britain will decline in proportion; and we who dread this result are for purposes of the next election to be denounced meanwhile as Little Englanders.'

CHAPTER XI

DUMPING

WE have now to deal with dumping. It is agreed that the raw materials of our industries must be admitted free. The steel billets supplied at a price below par, and of which it was estimated that we took one million tons in 1903, are the raw material for metal wares, tools, and machinery. The British supplies of ore and pig-iron are no longer adequate to meet the demands of our manufacturers of machinery, of our shipbuilders and makers of tin-plates, nor the demands of those various industries engaged in the higher branches of manufacture, in which a more highly skilled and better paid labour is employed. Our imports of pig-iron, steel, and iron bars increased from 355,772 tons in 1883 to 1,303,805 tons in 1903, Germany being the chief source of supply, and at prices unremunerative to the producers, but advantageous to ourselves as large consumers for industrial purposes. Steel imported from Germany has enabled our shipbuilders to build twentyfive to thirty per cent. cheaper than the German shipbuilder, and eighty per cent. cheaper than the French. 'The total value of the iron and steel trade of Great Britain,' according to Sir Hugh Bell, 'is something between £150,000,000 and £160,000,000. Our total imports were £15,750,000, including £8,000,000 from Germany,

Holland, and Belgium. . . . In the year in which they sent us the £8,000,000 we sent them £6,750,000 of similar articles. In the same year we sent to America upwards of £10,000,000 of iron and steel. . . . It almost seems that the iron and steel makers who most complain of dumping are crying out before they are much hurt. In consequence of getting "semi-manufactured" articles cheaply we built in 1901 over 980,0000 tons of shipping, against 102,000 built in Germany, 106,000 in France, and 469,000 in the United States. We built more than Germany, France, and the United States put together.'

Dumped materials have to some degree contributed to the remarkable expansion we have seen in our exports, not only of ships but of machinery.

				Years			Tons
Output o	f ships:	average.	1878	5 - 79			435,541
22	2)	99	1900)-02			959,275
Exports of	of machin	ery: av	erage.	1883	-1887	£11	,771,000
23	23		"	1898-	-1902	18	,846,000

EXPORTS OF BRITISH PLATES, ETC.

Galvanised and Corrugated Sheets, Tinned Plates, Black Plates for Tinning

Year	Tons	Value
1902	700,800	£9,069,000
1903	711,000	8,993,000
1904	807,500	9,683,000

Putting out goods abroad at prices below those charged at home is unpopular among the working classes. In Germany it has been severely condemned in the Diet, and is now the subject of parliamentary inquiry. In the United States a similar inquiry has been held. It was shown that foreign customers were supplied with American goods at prices twenty per cent.

lower than in the home market. Such a state of things cannot long be suffered to continue. Consumers will resent the selfishness of protected interests. Let us leave these influences to their natural course. It will help us more than a policy of retaliation.

Dumped goods are objectionable, because a trade which is unremunerative cannot be permanent. Sooner or later such supplies must cease. Meanwhile, it may be policy to take advantage even of precarious resources. If we reject the cheap raw materials which Germany is ready to give, they may be used to our disadvantage in Belgium and other countries with which we compete.

The 'Times' Supplement.

We do not hear to-day of industries ruined by dumping. The special feature of the industrial situation is the increasing demand for all kinds of finished steel, and not coming from any one home source nor from any one foreign country. The demand is general and prices have advanced. On the Clyde, shipbuilders are busy; in Sheffield there is activity in every trade and general prosperity is assured for a long time. Manufacturers of railway material are the busiest branch. India is ordering well, and a good deal of work is in hand for South Africa. At Wolverhampton all rolling mills are run to the fullest extent. Steelmakers are pressed with extra orders, and, we are told, are compelled to quote substantial advances to avoid sales. At Birmingham prices of manufactured articles are increasing. Values have appreciated. Many producers are quoting prohibitive prices in order to avoid increasing their engagements.

When we descend from vague denunciations of

foreign commerce to a practical scheme-to a specification of the goods to be taxed, and a schedule of duties-it will be as the casting of the apple of discord into the assembly of the gods. The producers of commodities which will be raised in price will receive a boon, perhaps in silent gratitude. Every consumer will remonstrate; and the consumers are the many. As with preferential tariffs, so with retaliation for the benefit of our home industries—it will be found in the end that little can be done.

The Select Committee on Tariffs, of 1840, were comopposed to protective duties in any form. 'They Tariffs, impose upon the consumer a tax equal to the amount of the duties levied upon the foreign article, whilst they also increase the price of all the competing homeproduced articles to the same amount as the duty, but that increased price goes, not to the Treasury, but to the protected manufacturer. It is obvious that high protective duties check importation and consequently are unproductive to the revenue, and experience shows that the profit to the trader, the benefit to the consumer, and the fiscal interests of the country are all sacrificed when heavy import duties impede the inter-

It would be difficult to state the objections to Mr. retaliation more conclusively than in the language chain used by Mr. Chamberlain himself. Retaliation was opposed to retaliabeing pressed upon the House of Commons by the band of 'Fair Traders.' On August 12, 1881, he made a crushing reply:

change of commodities with other nations.'

'We are,' he said, 'to adopt a policy of reciprocity and retaliation. But I want to know what are the

precise steps by which this policy is to be carried into effect. Hon, gentlemen opposite do not agree among themselves. The hon. member for Preston (Mr. Ecroyd) is the only speaker who has gone into some details. He said that it is the duty of our working men to make some sacrifice in order to reconquer the free and fair trade we have lost. There is no doubt about the sacrifice which the working men would have to make in order to adopt the policy of the hon. gentleman. His view appears to be this—and I do not say that there is not an appearance of justification for it—we are to retaliate on foreign countries by putting on protective duties, in order to induce them to take off the duties which they now levy on our goods. The hon, gentleman appeared to consider that his proposal was a temporary expedient to be adopted with reluctance and regret, and to be abandoned as soon as possible. But suppose foreign countries are not persuaded by the hon. gentleman or by his retaliatory policy to take off their duties. How long is the experiment to last? Is it to be for five years or ten years, or for twenty years, or for ever, that the working classes are to be called upon to make the sacrifices which it is admitted will be entailed upon them? Then, again, on what goods are we to retaliate? On which of our imports are we to put duties? That is a question of cardinal importance, on which the advocates of reciprocity ought to, but do not, agree. . . . I understand that if the foreigner charges 40 or 50 per cent. duty on English manufactures, the hon. member would retaliate by putting 10 per cent. on the manufactures of the foreigner. But the hon, member is

altogether inconsistent in such a proposal. He stands up as the advocate of "Fair Trade," but does he not see that it is just as unfair that there should be duties, say, of 40 per cent. on one side and 10 per cent. on the other, as if there were 30 per cent. on the one side and none on the other? Unless the duties imposed by us are the same as those imposed against us, it is clear that trade will not be fair, although it will no longer be free. But there is another point. England is of all countries the most vulnerable in this matter—that is to say that, in spite of, or rather I am inclined to say in consequence of, the protectionist policy of foreign countries, we export a great deal more than we import in the way of manufactures. . . . Commercial war such as he (the hon. member) proposes would do us more harm than the foreigner, who might retaliate on our retaliation by prohibiting or still further increasing his duties on our goods, or even by putting a duty on the export of articles which we do not produce for ourselves. I have already asked how long these sacrifices are to be imposed on the working men-for ten, for twenty, or for thirty years? [Mr. Ecroyd: 'No, no.'] The hon. member only intends it as a temporary expedient, but the effect of such a policy will be to foster weak industries unsuited to the country, such, for instance, as those which existed in Coventry or at Bethnal Green, which even in the times of protection had only an unhealthy life, and which, when the time of experiment ceased, would be immediately destroyed, carrying with them in their ruin the fortunes of all who had been tempted by this mistaken policy to engage in them.'

Later, in 1885, in the course of a speech equally

strong in its advocacy of free-trade principles, Mr. Chamberlain touched as follows upon the question of retaliation: 'The doctrine of retaliation,' he said, 'is put before you by people who are altogether ignorant of the character of your trade. They say to you, "Foreign countries put a duty on your manufactures. What could be juster than that you should put a duty upon theirs?" Well, if that were all, I should agree with them that there is no injustice in it. We owe nothing to these foreign countries, and if we could injure them without injuring ourselves, and wanted to do so, the proposal would be reasonable enough. But we cannot retaliate upon them without running the risk of retaliation upon ourselves, which would be very much worse for us than anything we could do for them. It so happens that in spite of protection—I am inclined to say in consequence of protection—we send more manufactures to those protective countries than they send us. Believe me, if their hands were free, if they were wise, if they released trade altogether, they would be much more serious competitors than they are now.'

CHAPTER XII

FREE TRADE

THE general arguments in favour of free trade were Sir Robert presented to Parliament by Sir Robert Peel in his memorable speech of January, 1846, in the House of Commons. None has spoken since with more authority. 'He had no guarantee,' he said, 'that other countries would follow our example. Wearied with long and unavailing efforts to enter into satisfactory commercial treaties with other nations, they had resolved at length to consult their own interests, and not to punish those other countries for the wrong they were doing us in continuing their high duties by imposing high duties ourselves. It might be asked, what is this superfluous liberality? It was true that foreign countries which had benefited by our relaxation had not followed our example: nay, had applied to the importation of British goods higher duties. What had been the result? Our export trade had greatly increased. And why? Because these very precautions against the ingress of our commodities were a burden, and the taxation, increasing the cost of production, disqualified the foreigner from competing with you. By the remission of your duties upon raw material, by inciting your skill and industry, by competition with foreign goods, you have defied your competitors in

foreign markets, and you have even been able to exclude them.'

Sir Robert Peel, 1849. Later, in 1849, Sir Robert Peel renewed his former declaration: 'I contest the principle that you cannot fight hostile tariffs by free imports. I so totally dissent from that assumption that I maintain that the best way to compete with hostile tariffs is to encourage free imports. So far from thinking the principle of Protection a salutary principle, I maintain that the more widely you extend it, the greater the injury you inflict on the national wealth and the more you cripple the national industry.'

We cannot return to protection, nor by tariffs raise the price of our imports from our Colonies, without a dangerous disturbance of all the adjustments. Free trade has not enabled the United Kingdom to manufacture for all the world. It has secured supplies of food and raw materials at the lowest prices, and made the United Kingdom the pivot of commerce and finance.

Imports of raw material. An analysis of our imports of raw material is given in one of the many valuable publications issued by the Unionist Free Food League.

Raw Material	Value of Total Import during 1902
Cotton: Raw, yarn and waste	£41,506,015
Metals, excluding bullion	28,757,153
Wood and timber	25,186,719
Wool, woollen rags and woollen yarn .	25,042,531
Leather	8,095,637
Skins and furs	5,578,452
Jute and jute yarn	5,371,259
Caoutchouc	5,180,262
Linseed	4,486,997
Carried forward	£149,205,025

				Value of
				Total Import
Raw Material				during 1902
Brought forward .			. £	149,205,025
Hemp and hemp tow .	٠.	٠,		4,005,038
Tobacco		٠		3,892,125
Dye stuffs				3,807,977
Paper-making materials .				3,386,773
Cotton seed				3,285,650
Flax and flax tow				2,944,390
Tallow and stearine				2,708,717
Hides				2,440,593
Silk: knubs, raw and throw	n.			1,914,310
Gums ·				1,417,463
Gutta percha				1,150,902
Linen yarn		٠		968,332
Nuts and kernels for oil pre	ssing			877,713
Straw, for hat and bonnet m	naking			746,636

Total value of above articles imported during 1902 £182,751,644 (Cd. 1582 of 1903, pp. 3-51.)

What have been the results of free trade? Looking back to the beginning of last century, we see in the early years a dull and unprogressive condition. Since the adoption of a free-trade policy, England has been in the van. In the fifty years before free trade our exports Lord increased by £22,000,000. In the fifty years after free trade they increased by £190,000,000, and eighty-five per cent. of our exports consist of manufactures.

Gladstone.

Mr. Gladstone ('Nineteenth Century,' February, Mr. 1880) made a special study of our fiscal policy with the view of determining how much of the growth of trade since the adoption of the free-trade system was attributable to the development of railways and to other causes, and how much to the emancipation of trade. He came to the conclusion that seventy per cent. of the increase was due to free trade.

As a recent and exhaustive statement of the

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The 'Stand-ard.'

argument in favour of free trade, the observations below, taken from the 'Standard,' may be appropriately quoted: 'We hold generally to the principles of free trade, not because free-trade doctrines are to be regarded as the Tables of the Law, but because, on the whole, English industry and English commerce have flourished under their shelter. We are fully prepared to modify our system if it can be shown that any other is better: better, that is, not at all times and in all climates, but for this country in the days in which we live. To tell us that some people have done well under protection is nothing to the purpose. The system may suit others; it does not follow that it would suit ourselves. France and the United States are contented republics, but that is no reason why Britain should abandon monarchical institutions. Though some of our protectionist rivals are undoubtedly gaining ground, England is not losing her wealth, her shipping, or her trade. Economically, socially, and financially, we find no reason either to despair of the future or to envy the most formidable of our competitors. If we are eventually destined to be passed in the race, it will not be for reasons connected with tariffs, but because of the larger populations and greater natural resources of other countries; and even though excelled in the mere volume of production, we may yet remain stable and prosperous. But we have not been outpaced yet. We still retain our supremacy, and cannot lightly tamper with the arrangements under which results of such unquestioned magnitude have been achieved. The British Empire is, even to-day, the wealthiest community in the whole world.

'If we are to alter our system, the burden of proof lies upon those who would make the change. They must demonstrate, if they can, that preferential tariffs will work without friction, and to the advantage of the Mother-country as well as the Colonies. So far, it is not clear that these propositions can be established. There is no evidence that the Colonies, as a whole, are anxious for a preference, to the extent of paying an equivalent for it. What enthusiasm there is seems to be confined to Canada. Australia is languid, and though not averse from receiving an advantage in our markets, is hardly inclined to give our manufacturers a fair chance against the protected colonial industries. Here is a preliminary obstacle to be surmounted. Another and a more serious one, is that suggested by Mr. Chamberlain himself in his speech of May 23. "If you are to give a preference to the Colonies you must put a tax on food." The mere statement has an alarming sound. Indeed, Mr. Chamberlain prejudiced his whole case by the blunt manner in which he formulated it. "We must," said he in substance, "tax food; you will get higher wages, and we can then provide for old age pensions." It looked too much like a bribe to the working-class electors. But very strong and solid arguments will be needed to reconcile the English people to any artificial increase in the price of either food supplies or raw materials. Will the one conduce to the well-being of the masses of our population, or the other help us in the struggle with our manufacturing rivals? We cannot believe it for a moment. How are we to compete more favourably with protectionist countries if we are to tax our own

food and raw materials, and at the same time pay higher wages? Nor, on the other hand, is there any reason for accepting the assumption that increased wages must accompany the increased cost of necessaries. The proposition is not self-evident. Our own experience of the past fifty years does nothing to confirm it, for high wages and low prices have gone together. . . .'

The arguments against a return to protection have been stated again and again. And by the Duke of Devonshire. Speaking in the Guildhall, February 8, 1904, he said:

Duke of Devonshire. 'There must be thousands and thousands of men who are engaged in trades or industries which no tariff can protect. For them the only prospect in store is that they are to be relieved from the spell under which they have hitherto suffered, the demon of cheapness. I have not heard that the advantage of paying more for their food, more for their housing, more for their clothing, more for every necessary of life, has been found a topic particularly attractive to the constituencies.'

If we make a retrograde step, the protectionist movement everywhere will be stimulated. The flow of commerce will be arrested. A bond of union between nations will be weakened. Political consequences may follow which the whole civilised world may have reason to deplore. Mr. Winston Churchill has described the new party which would arise, 'rich, materialist, and secular.'

In all countries which have adopted protection, its influences on Parliament have been deteriorating. Under a free-trade policy our statesmen are governed by no other

considerations than those of public advantage. Corruption is unknown in the mother-land of parliaments. Under protection the high standard of our political life might perhaps be lowered. In and out of Parliament every monopolist would be eager to push his special trade. Every producer would clamour for a better price. Prices could be raised by tariffs, and pressure would be used. The less intelligent might fail to see that the higher the price the less must be the demand; and that a larger business with small profits may be more profitable than fewer sales at a higher profit.

On the corrupting influences of protection in the United States we have the strong testimony of Mr. Bayard in a passage quoted by Lord Avebury: 'In Mr. my own country I have witnessed the insatiable growth of that form of State socialism styled "protection," which, I believe, has done more to foster class legislation and create inequality of fortune, to corrupt public life, to banish men of independent mind and character from the public councils, to lower the tone of national representation, blunt public conscience, create false standards in the popular mind, to familiarise it with reliance on State aid and guardianship in private affairs, divorce ethics from politics, and place politics upon the low level of mercenary scramble, than any other single cause.

Protection tends to turn the employers and the Ill-effects workers from the legitimate means and sources of prostection. perity. Technical instruction, inventive skill, effective labour with the hands, and careful administration will be neglected. It would be the same in the operations of agriculture.

France. Mr. Meredith. In France, as Mr. Meredith has shown, the promise of secure markets at home has discouraged timorous merchants from founding counting-houses in foreign countries. Ill-educated and prejudiced farmers, relying on the promise of prices for produce artificially raised by protection, have neglected the true means—the better methods—by which the returns from agriculture may be improved, and the yield from the soil increased.

Protection leads surely to over-production. If we exclude foreign iron and steel, the prices of British iron and steel will rise, profits will advance, the home production will be artifically stimulated, the home market will be glutted, and stocks will be dumped down in foreign markets at heavy loss. Such has been the experience of protection, both in the United States and Germany.

Protection is unequal and unjust in its operations. Duties on manufactures do not protect manufacturing industries as a whole. They give an artificial stimulus to decaying industries, and they hamper the more efficient industries. Protection leads to the creation of syndicates. As Mr. Oppenheimer, the British Consul at Frankfort, in successive very able reports has shown, in Germany weak concerns have been sustained by artificial props. Natural selection and the wholesome process of survival of the fittest have ceased to operate.

The general arguments against protection are well known to the readers of the powerful writings of Bastiat. Protection is for the advantage of the few who are the producers, and against the interests of the consumers, who are the many. It is the natural desire of the producer to get a better price, and many think

Bastiat.

that the only thing which prevents them from getting a better price is the competition of the foreigner. They think that the foreigner should be kept out of the home market. They believe that if duties are imposed in British custom-houses, the Government will have a pistol in hand, and thus be able to secure reciprocal benefits by mutual concessions. It is idle to suppose that an open door can be secured to the home markets of our competitors in European countries by any other method than by the exchange of goods: that is to say, by taking more of the productions of the foreigner in exchange for our own productions.

Retaliation will not relieve our merchants and Home manufacturers of the pressure of competition. The petition. most severe is that of their fellow-countrymen. The home competition is more intense than that of the foreigner. In no branch of enterprise is our ascendency more undisputed than in shipping. In none is the competition so keen and the returns so uncertain. Under free trade, self-interest, urged by competition, directs capital into the industries which pay, and buys its materials and tools wherever it gets them cheapest and best. The Government imposes duties only for revenue. No manufacturing industry is favoured at the expense of others. Competition is advantageous to the great body of the people. When competition is clearly seen to mean a struggle to provide supplies in abundance, it may be viewed in a more favourable aspect.

List, though leading the protectionist movement List. in Germany, was of opinion that when a country had reached the highest stage of industrial development, as was the case in England, free trade was the right

economic policy. Nations must modify their systems according to the measure of their own progress. In the first stage they must adopt free trade with the more advanced nations as a means of raising themselves from a state of barbarism, and of making advances in agriculture. In the second stage they must resort to commercial restrictions to promote the growth of manufactures, fisheries, navigation, and foreign trade. In the last stage, 'after reaching the highest degree of wealth and power,' they must gradually revert to the principle of free trade and unrestricted competition in the home as well as in the foreign markets, so that their agriculturists, manufacturers, and merchants may be preserved from indolence, and stimulated to retain the supremacy which they have acquired. Protective duties ought never to be so high as to strangle healthy competition.

Progress in the freetrade countries of Europe. In Europe we have many examples of national prosperity under free trade. Switzerland, Holland, Belgium, Denmark, and Norway are vigorous and flourishing in the highest degree. If these countries are relatively small in area and in population, their prosperity affords the more conclusive proof of the advantages of free trade. They have flourished, not because of their natural advantages, but because their commercial policy has been sound. No European country has made more rapid progress than Belgium. The statistics supplied by Sir Cecil Hertslet give conclusive evidence of progress. The goods landed at Antwerp increased from 2,886,000 tons in 1882 to 7,534,000 tons in 1902, an augmentation of 161 per cent. During the last ten years the ocean-going shipping of

Sir Cecil Hertslet.

the port has increased by more than eighty-two per cent. During the last quarter of a century immense sums have been spent in Belgium on public works;on canals and ports £16,000,000—on railways, since 1895, no less than £24,000,000. The quotations of Belgian debt compare favourably with those of other foreign countries. Taxation is far less burdensome than in the United Kingdom and France. Per head: Belgium, £1 3s.; United Kingdom, £2 12s. 4d.; France, £3 1s. 1d. In the mines, quarries, metals, and glass industries, the number of workmen employed in 1900 showed an increase of thirty-three per cent. over the number in 1880, with an advance of twenty-one per cent. in their wages. The aggregate balances in the savings banks are increasing in a ratio far exceeding the increase of population. The fiscal policy of Belgium is free trade. All the necessities of life are imported free with the exception of meat, and the duty on meat causes much discontent. All raw materials, or articles so regarded, are free. The duties on manufactured articles are light, and the amounts raised are insignificant. On cotton tissues, £166,000; on wool, £100,000; silk, £133,000; hardware, £97,000. While the industries of Belgium are busy and prosperous, the imports of manufactures have greatly increased; the value in 1882 was £64,300,000, and in 1902, £95,227,000.

In September 1905, the representatives of the British Chamber of Commerce were received, on their return from their autumn meeting at Liège, by the Chamber of Commerce at Antwerp, a powerful organisation, thoroughly representative of Belgian industry and commerce. Addressing the British guests in the

name of his colleagues, Mr. J. Wynen, vice-president, delivered an address in which he reviewed the progress of Great Britain and Belgium in the nineteenth century. He showed how large a part the two countries have taken in the expanding commerce of the world. The expansion had commenced with, and was consequent upon, the adoption of broad principles of free trade. Britain had led the way and Belgium had followed. Progress in both countries had been rapid and sustained. Enlightened by experience, the fellow-countrymen of Richard Cobden, whose centenary had been celebrated with special honours in Belgium, had a bounden duty to perform. They should resist every attempt to return to protection. It should be the part of England to work hand in hand with Belgium in upholding the reforms already achieved, and in the earnest endeavour to secure the universal adoption of free-trade principles.

Benefits of commerce. The discussion, in which we are at the present time engaged, should carry our thoughts beyond the rivalries of trade and the circumstances of the hour. What is our ideal for the future? How best shall the material and moral welfare of our people and the national greatness be sustained? The powerful statesman who has set us all thinking has described in eloquent language the ideal he has in view. It is that of an Empire, self-centred, self-contained, politically, industrially, and commercially. All our supplies are to be drawn from our dependencies, and in those dependencies chiefly we are to find a market for the products of British industry. This ideal is to be attained by means of preferential tariffs, very onerous to this country, and without the hope of compensation by any reciprocal advantage.

The flow of trade may be likened to a mighty stream. How soon its waters become angry and troubled when any obstruction impedes their course! To the worker let the fullest liberty be given to sell his labour in the dearest, and to purchase his food and everything necessary in the cheapest market. The Government should give help where it can. It should never impede the movement of trade. To confine our commerce within the limits of the Empire would be a fatal policy—a policy in restraint of trade.

Competition is better than monopoly. It would have been a miracle if, quite independently of protection, countries like Germany and the United States had failed to obtain a growing command over their own markets. Their progress is for our advantage. Mr. Balfour: 'The wealth of other nations does not Mr. tend to the impoverishment, but rather to the prosperity Balfour. of another nation, and if we could by the wave of the magician's wand double or treble the wealth of all the nations in the world, rest assured that our own country would greatly benefit.'

The objections to protection have been urged by none with greater force than by Mr. Chamberlain himself. Speaking at Birmingham in 1885, he said: 'Do Mr. not suffer yourselves to be turned aside at the next lain. election; do not be diverted. The owners of property, those who are interested in the existing state of things, the men who have privileges to maintain, would be glad to entrap you from the right path by raising the cry of fair trade, under which they cover their demand for protection, and in connection with which they would tax the food of the people in order to raise the rents of

the landlord. Protection very likely might, it probably would, have these results: it would increase the incomes of the owners of great estates; it would swell the profits of the capitalists who were fortunate enough to engage in the best protected industries; but it would lessen the total production of the country; it would diminish the rate of wages; and it would raise the prices of every necessary of life.'

Weight of authority.

Economists and statesmen are by a strong majority in favour of free trade. The Liberal party is united on the fiscal question, and it is strongly reinforced from the other side. The Cabinet was divided, and the Prime Minister found it difficult to fill vacancies. leaders of the Unionist party have mustered in their strength under the Duke of Devonshire, still ready to obey the call of duty after long years of service in the highest offices of State. The memorable meeting in the Queen's Hall was representative of many cabinets and various shades of political opinion. ministers included Lord Balfour of Burleigh, Lord James of Hereford, Lord Northbrook, Lord G. Hamilton, Sir John Gorst, Hon. A. R. D. Elliot. There were many members of both houses of Parliament of commanding influence in the country.

The following resolution, proposed by the Duke of Devonshire and seconded by Lord Goschen, was carried unanimously:

'That this meeting, while prepared to consider in a friendly spirit any measures which the Government may submit to Parliament in special cases for mitigating the effects of hostile tariffs, is of opinion that strenuous opposition should be offered to any fiscal policy which involves the protective taxation of food and the establishment of a general preferential or protective system.'

Those specially called upon to consider fiscal questions have been unanimous: three Viceroys of India—the Earl of Northbrook, the Earl of Elgin, and the Marquis of Ripon; four Chancellors of the Exchequer—Lord Goschen, Sir Michael Hicks-Beach, Sir William Harcourt, and Mr. Ritchie. In all our long Parliamentary history, never has the weight of authority on any issue been so prevailing as to-day in favour of free trade.

CHAPTER XIII

TRADING METHODS—TECHNICAL EDUCATION—SOCIAL REFORM

Neglect of humble wares. WE do well in the staple trades—in our textile and our metallurgical industries. The genius of the British people is for serious and solid work. We excel where excellence of quality is demanded. With us the trend of trade is more and more to the supply of the world's demand for that which is of the best. We have neglected the humbler wares, yet the humbler wares are needed. In the tropics, in India, even in our British self-governing Colonies, the affluent are the few. Inferior wares, which we have regarded with contempt, find ready purchasers where the best qualities find no sale.

Montreal ex-President of Manufacturers' Association. At the Montreal Congress of the Chambers of Commerce of the Empire, practical advice was offered to British manufacturers by the President of the Canadian Manufacturers' Association. While insisting on protective duties for Canadian manufactures, Mr. Ellis gave a long list of goods imported into Canada from the United States, in lines in which no attempt is made by British manufacturers to compete. 'Last year,' he said, 'we had a balance of trade in our favour with Great Britain of \$51,000,000. We had a balance of trade against us with the United States of \$46,000,000.

In other words: of the \$51,000,000 received from Great Britain, no less than \$46,000,000 were handed over to the United States in payment for goods, which British manufacturers, had they been alive to their own interests, could have furnished. Great Britain supplies of watch movements \$3,360 out of a total import of \$672,003; of lamps and chandeliers \$5,000 out of a total import of \$262,000; of guns \$24,000 out of \$250,000; brass goods \$89,000 out of \$500,000. And yet these goods had to pay 60 per cent. more duty than the British goods have to pay. These remarks deserve the careful consideration of all concerned.

There are other products of industrial skill in which we leave the field entirely to other nations. We import cheap pianos from Germany to the value of £700,000. Australia is also a large importer. British makers are scarcely known to Australian purchasers.

In the chemical trades, in electrical machinery and chemical fittings, we have allowed business to slip through our and other trades. fingers. We are recovering ground which should never have been lost. It is galling to see any trade passing out of our hands which might remain with us if we were up to date in applied sciences. The coal-tar colour industry in Germany employs some 500 chemists, 350 engineers and technical men, and over 1,800 workpeople. The values created by the German dye industry have advanced from £3,250,000 in 1890 to £6,000,000 in 1898. Our British chemical industries are busy and prosperous. We have seen greater progress in Germany. It is largely due to the discoveries of Runge, Hofmann, and Mansfield, the founders of the German aniline dye industry.

Technical education.

We may give more liberal grants in aid of technical education. Mr. Haldane has shown how urgent is the need. Education in Germany is liberally endowed. Besides the twenty-two universities, with their 2,500 professors and 22,000 students, and the ten technical high schools, with their 850 professors and 11,000 students, there are eighteen other technical schools of a lower grade, and numerous commercial high schools or colleges. Of smaller institutions there are 259 schools of agriculture in Prussia alone, attended by 10,000 pupils, and a thousand other schools, where instruction in agriculture is given. Taking primary, secondary and tertiary education together, the expenditure of public money (including rates) on education and instruction is not less than £25,000,000 annually. In Germany elementary education, secondary education, and university education are co-ordinate. Attendance is compulsory at an elementary school until fourteen, and at the continuation schools till the age of seventeen. Certificates of training confer many advantages. Military service is reduced. For entry into the civil service and the learned professions, and for posts of responsibility in the factories, certificates are insisted upon. Close attention is given in Germany to commercial

importance that those engaged in commerce should be prepared for their great responsibilities. Mr. Ruskin Ruskin on business training.

has some admirable observations on the duties and the training of business men; 'The merchant's (or manufacturer's) function is to provide for the nation. He has

to understand to their very root the qualities of the thing he deals in, and the means of obtaining or pro-

education. It is rightly deemed to be of national

ducing it; and he has to apply all his sagacity and energy to the producing or obtaining it in perfect state, and distributing it at the cheapest possible price where it is most needed. And because the production or obtaining of any commodity involves necessarily the agency of many lives and hands, the merchant becomes in the course of his business the master and governor of large masses of men in a more direct, though less confessed way, than a military officer or pastor; so that on him falls, in great part, the responsibility for the kind of life they lead; and it becomes his duty, not only to be always considering how to produce what he sells in the purest and cheapest forms, but how to make the various employments involved in the production or transference of it most beneficial to the men employed.'

A report on commercial instruction in Germany, by Dr. F. Dr. Frederic Rose, His Majesty's Consul at Stuttgart. Rose, H.M.'s has recently been published by the Foreign Office. Consul, Stuttgart. Universities for higher commercial instruction have been founded within the last six years in the chief cities of Germany. The aim is to give a deeper and broader measure of instruction than that provided by the commercial schools; to develop the mental faculties of the merchant, and to enable him to grasp the inner meaning and working of national and international economy. The subjects of instruction include political economy, commercial history, geography, law and organisation, banking, finance, and credit operations. Modern languages are insisted upon. The majority of the students are beyond the school age, the greater number from twenty to thirty years. Universities on the lines

thus briefly described are now established at Frankfort, Aix, Leipsic, and Cologne. It is probable that other commercial universities will be founded.

For students below the university age ample provision is made in Germany for special commercial instruction. The tendency is everywhere seen to substitute day for evening instruction. It is a sign of the times, as indicating that commercial studies are no longer regarded as of secondary importance. The total number of students at German universities and technical high schools exceeds 40,000. Of these nearly 2,000 are foreign students.

Speaking from personal experience as a student, assistant, and lecturer in the German universities and technical high schools, Dr. Frederic Rose bears testimony to the earnest application to work of the students, not impaired by their firm adherence to their traditional custom of wielding the glass and the sword.

In Germany manufacturers have combined, as at Berlin, to establish a university on a noble scale. We are waking up in the United Kingdom. In Manchester, in Sheffield, and elsewhere, technical schools have been established equal in equipment to the best in any foreign country. The trouble is to find students qualified to turn to account the means of training which have been provided. It has been proposed to encourage longer attendance at school, and better preparation for technical studies by the offer of scholarships.

Let us turn from technical education to social reform. The statistics of the national drink bill are given by Mr. John Burns, M.P., in his recent pamphlet.

Social reform. Temperance.

Germany with fifty-six millions of people	
spends on drink	£150,000,000
Britain's proportion	270,000,000
Compared with us, they save or divert per	
year to better purposes	120,000,000
United States of America, with seventy-six	
millions of people, spends on drink	234,000,000
Britain's proportion	362,000,000
Saving	130,000,000
Joint advantage over us in home and	
foreign markets	250,000,000

The expenditure on drink in the United Kingdom increased from £151,500,000 in 1892 to £179,500,000 in 1902. The expenditure on alcoholic liquors is more than the national revenue. Mr. Booth, Mr. Rowntree, Mr. Whittaker, and Mr. McDougall have been foremost in examining the causes of poverty, with a view to its alleviation. In from twenty-five to fifty per cent. of the cases and the areas investigated, they have found that poverty is due to intemperance.

The Salvation Army has been active in the cause of temperance. In his noble address at the Mansion House, on receiving the freedom of the City, General Booth undertook that if the Government would give the sum spent by the State on inebriates, the Army would deal with all the drunkards in the kingdom. We dare not say that it was a vain boast.

And there are the evils of overcrowding, so terrible overin the slums of great towns. Let us build gardencities in pleasant places, where the worker in industries may live under clearer skies, and sometimes hear 'the live murmur of a summer's day.' Mr. Ralph Neville, Mr. Ebenezer Howard, Mr. Cadbury, and others, are engaged in an interesting and promising

crowding.

experiment. They are forming a garden city of 4,000 acres of land lately purchased at Letchworth. If the experiment be successful, the work should be carried further. It is beyond the scope of private philanthropy. In New Zealand flourishing village settlements have been formed with the aid of loans from the Government advanced to the settlers at three per cent.

Ownership of houses by workers. The housing problem for the million can best be solved by private efforts. Mr. Carnegie is earnest in his recommendations to workers to be frugal, and to devote their savings to the purchase of the house in which they live. Ownership of their homes by the workers was held by Le Play to be among the most effective means of social improvement:

'Plus j'étudie le problème social, et plus je m'assure que le premier degré du bien-être ne consiste pas à étendre les satisfactions physiques, mais bien à créer les jouissances morales que donne la propriété. Le vrai patron des ouvriers n'a donc pas pour mission essentielle d'améliorer la nourriture, l'habitation et le vêtement, ou même d'augmenter le salaire en argent.

'On éloigne également les populations du vrai but à atteindre, en provoquant dans le vêtement et l'habitation cette recherche, devenue usuelle en Angleterre, qui, au premier aperçu, semble témoigner d'un sentiment délicat de respect pour la dignité humaine. J'ai d'abord admiré, avec tous les voyageurs, ces charmants cottages que les ouvriers ruraux doivent décorer de tapis et de rideaux, et qu'ils reçoivent à loyer de grands propriétaires, fiers de les montrer comme le principal ornement de leurs terres. Après mûre réflexion, je préfère cependant la condition de journaliers ruraux de

France, d'Espagne et d'Allemagne qui, à force de sobriété et d'épargne, s'assurent avant toute autre satisfaction la propriété d'un lambeau de terre et d'une humble cabane,'

Our population has grown in some districts out of Growth all proportion to any possible increase of employment. of population. The statistics were given by M. Leroy-Beaulieu, in an article contributed to the 'Revue des Deux Mondes.' He estimates the population of England at the close of the sixteenth, seventeenth, eighteenth, and nineteenth centuries at 5,000,000, 6,000,000, 8,873,000, and 30,736,000 respectively. Increase sixteen per cent. in the first, fifty per cent. in the second, and 250 per cent. in the last of the three centuries compared.

The increasing numbers are due to the establishment of manufactures affording employment to women, and enabling children at the age of ten to twelve years to earn their livelihood. These new resources of modern industry do not exist in London, where the increase of population between 1891 and 1901 has far exceeded the growth of employment. The figures were given in the 'Westminster Gazette.'

London	(Adm	inisti	ative	County	7)	1891 4,211,743	1901 4, 53 6 ,034
					Out	er ring population	Increase per cent.
1871						631,831	-
1881						950,957	50.5
1891	•					1,405,489	47.8
1901						2,042,750	45.3

The most rapid increases in population are seen in the districts in which poverty is the most keenly felt.

The following table gives the populations in 1891

and in 1901 for all the registration sub-districts in the outer ring with an increase of more than 10,000:

			1891	1901	Increase
Willesden .			61,265	114,815	53,550
Plaistow .			58,030	90,917	32,887
East Ham .			32,713	95,469	62,756
Walthamstow	7 .		57,370	108,931	51,561
Ilford			10,913	41,240	30,327

Building operations—upon credit, and far in excess of any reasonable expectation of demand for houses—have been a principal cause of the gathering of unskilled labour into districts in which it is impossible to give employment to numbers too rapidly increasing. Remedial measures are difficult.

The submerged tenth.

For the unemployed, for those whose employment is least certain and least remunerated, the trouble is that they are unemployable. The tens of thousands whose condition has been described by Mr. Booth and Mr. Rowntree, or with distressful sympathy by the author of 'The People of the Abyss,' are incapable of earning a living in the staple industries. In the textile, in the metallurgical industries, in the building trade, even in the fields, they could not find employment. They have neither skill nor physical strength. How shall we put the submerged tenth—those that have gone under and are lying helpless-in the way of earning a livelihood? The gloomy refuge of the workhouse, charitable doles in miserable homes, are a palliative, not a permanent remedy. The aim should be to help people to help themselves. Let us take the least capable in hand when young and able to learn. Let us teach them trades. We want many more skilled tradesmen. There are some articles in extensive

demand, and imported in ever-increasing quantities, which the poorest and least efficient should be able, with some instruction, to produce.

IMPORTS OF TOYS AND MUSICAL INSTRUMENTS FROM GERMANY, 1902

			Toys	Musical Instruments
Imported direct		•	£727,537	£738,316
Viá Belgium .			205,185	54,400
Viå Holland .			109,539	79,830
		3	€1,042,261	£872,546

Goods of this humble description should be made at home.

As President of Dr. Barnardo's Homes, I have seen Dr. Barwhat can be done by efforts unaided by the State to turn the most helpless into honest and capable workers, whether at home or in the far-off prairies of Canada. In the many institutions founded by the late Dr. Barnardo the door is ever open to destitute children. Admitted at all ages-even in infancy-they are allowed to remain until they are able to earn an honest living. The training for boys embraces many trades. The training for girls fits them for domestic service. Taken by the hand at a tender age and kept under discipline in the days of their youth, the most miserable and degraded can be lifted up into sturdy and capable citizens. It is not going too far to say that Dr. Barnardo worked with a success which has never been attained before in his particular line.

Reform for those who have gone under is difficult in proportion to the advance of years. In the labour colonies in Australia-in the workshops established by General Booth—distress may be relieved by the State or by the philanthropist. The cases are rare where

character is changed and the incapable are made efficient for any description of work.

It is not necessary to reproduce the wonderful statistics of Dr. Barnardo's work. The annual income, raised by voluntary subscriptions, and not from the wealthier classes, has gradually advanced from £224 to nearly £200,000 a year. Tens of thousands of children have passed through the homes. Not less than 18,000 have been sent out to Canada. There has been scarce a failure. The majority are successful. The sailing master of the 'Sunbeam,' when in Australian waters, was originally a Barnardo boy. He was proud of it, and justly so. This truly noble and humane work, thus briefly described, should be taken in hand by the State on a national scale.

Labour settlements in Victoria. A colonial experience deserves mention. The Government of Victoria has established labour settlements in thinly-peopled districts, to which men out of work are sent from the cities, and employed in cleaning and draining the land, in preparation for tillage and pasturage. The men are housed and fed in log-huts. They are paid reasonable wages, and are expected to remit to their families in Melbourne. The putting-out of men upon the land involves no administrative difficulties. To settle families is an operation requiring time and care, and a heavy expenditure. We may begin, as it has been said, in farms at home for the training of unemployed men as agricultural labourers, to be followed with village settlements in South Africa later.

Salvation Army settlement. And there is the good work done at Hadleigh by the Salvation Army. It should be extended on a scale

commensurate with our national needs. General Booth has proposed that the vagrancy laws be so amended as to give magistrates the power to commit vagrants to colonies; that Municipal and Poor Law authorities be empowered to establish labour colonies; that disciplinary powers be granted, as in the case of inebriates' reformatories; that the cost of maintenance be provided by a contribution from the Treasury; that the capital be provided by extending the powers of the Board of Agriculture with respect to land improvement loans.

Among remedial measures, insurance with the aid Stateof the State has not thus far been attempted. Parlia- insurance. ment has hesitated to set up a State organisation which would discourage the efforts of the friendly societies by which so much has been accomplished.

We have to deal with the masses who make no provision for sickness and old age. A national scheme not necessarily under State administration is required. In Germany every manual worker and every person whose Insurance salary is below a certain amount must insure. He pays many. two-thirds, his employer one-third, of the weekly contribution. He receives free medical treatment and sick pay during illness. Old-age insurance follows the same general lines. It is compulsory on all in receipt of incomes of less than £100 a year, and optional for a large number of others. The obligation to insure begins at sixteen years of age, employer and employed paying an equal share of the premiums. The pension, to which the State gives a subsidy of £2 10s. per annum, begins at the age of seventy, or, in the case of permanent disablement by ill-health, after five years' insurance. The insurance laws date from 1883. In 1902, two million workmen

received in relief compensation £21,700,000, employers contributing £10,500,000, workmen £9,100,000, and the State £2,100,000. The sick establishments in 1901 were in receipt of £9,184,000, and expended £8,902,000 in relief. The management of accident and other branches of insurance has been instrumental in bringing employers and workpeople into closer touch. It is not the least of the advantages. The sickness, accident, and old-age insurance laws of Germany are the most serious and successful attempt yet made to prevent those in temporary distress from sinking into pauperism.

Labour registry offices. In this connection the labour registry offices of Germany deserve something more than a passing mention. Partly under the management of the working classes themselves, and federated and linked up by means of clearing-houses, unemployed workmen even in remote villages are put in touch with employers in search of workmen irrespective of distance.

Wasteful public expenditure. Of the means to the improvement of trade, none is more urgent than the cutting down of wasteful expenditure on the public service. Lord Rosebery, in a recent speech, insisted strongly on this urgent and neglected topic: 'Your public expenditure in 1883-4 was £86,000,000 a year. Your expenditure in 1893-4, ten years afterwards, was £92,000,000; your expenditure in the current year (1903-4) is £144,250,000, or, putting in the expenditure which is put down to capital, £150,000,000. In the last ten years the total ordinary expenditure of your Government has gone up about 62 per cent., whereas in the previous ten years it only went up seven per cent.' We have raised the Public Debt from £638,919,931, as it stood in 1900, to £796,736,491

in 1905. Our debt is now as heavy as forty years ago. We see the result in the depreciation in Consols and gilt-edged securities. Repeating the words of Lord George Hamilton, long at the head of the Admiralty, 'there are financial limits beyond which you cannot go without ruin to the mother-land.'

The administration of the Navy leaves little to be desired. The reform of Army administration is urgent. The subject is not suitable for these pages. The country insists on efficiency even more perhaps than economy. It is as true to-day as in the age of Aristotle. 'The sting of taxation is wastefulness. What high-spirited man could see without indignation the earnings of his labour, yielded ungrudgingly to the public defence, become the spoil of parasites and speculators?' Let no effort for improvement be spared; nor let us despair of a better day. In the words of Lord Macaulay, 'the evils are, with scarcely an exception, old. That which is new is the intelligence which discerns and the humanity which remedies them.'

CHAPTER XIV

IMPERIAL CO-OPERATION

WE desire to advance the development of our Colonies. There is better work in the cause of Imperial unity than the laying of fetters on the free interchange of trade.

South African irrigation. Co-operation is possible between the Imperial and Colonial Governments in public works. A comprehensive scheme of water storage and irrigation has been recommended by Sir W. Willcocks for South Africa. The cost is estimated at £30,000,000. The work must be long delayed unless the mother-land can co-operate.

Subsidies for mail services. Swift communications are a bond of empire. Let us be liberal in the payments for mail services across the seas. Postal subsidies are more helpful to the Colonies and less burdensome to ourselves than taxes on food. 'If we must pay,' said Sir Robert Peel, 'let us pay directly.'

Emigration. New countries need population. Let us give State aid, where necessary, to emigration; let us send of our best. South Africa offers a wide field for State-aided settlement. It is hardly to be desired that these small islands should become in an ever-increasing sense the workshops of the world. They will lose their beauty and charm. Emigration to the Colonies is the true remedy for overcrowding at home.

Imperial federation is far off—perhaps, in the Imperial Council of Present age, unattainable. The Colonial Conferences Defence. already held have produced the happiest results. They have brought the daughter-States and the mother-land together. There are problems other than the fiscal which may fitly engage the attention of the next Colonial Conference. It may be possible to constitute a permanent Imperial Council, as proposed by the Committee of the Imperial Federation League. Such a Council should include Ministers of Cabinet rank, representatives of the Colonies and India, and military and naval advisers. The Council would have much to do. It should begin with Imperial defence. A plan should be devised for co-ordination and co-operation. Every State within the Empire should undertake its local defence. It should raise and train the description of force for which its local resources are best adapted.

The Imperial Army needs reserves of mounted infantry. The men of the Australian bush are fine riders, bold and resourceful. Their horses have rare powers of endurance. At least five thousand bushmen should be enrolled as mounted infantry or scouts, under engagement for general service. Canada, from her numerous and hardy fishermen, can raise men for the reserve of the Navy. Australia also is doing its part in connection with the Naval Reserves.

It is not well to press for contributions. They lead to debates which it is well to avoid. Better to concentrate resources on local forces. They will be ready to help us in the hour of need. Statesmanship will be required to devise a practical working scheme of mutual co-operation and support. Let us

recall the observations addressed by Lord Salisbury to a deputation from the Imperial Federation League in 1891: 'The solution of this problem does not lie on the face of it. It will require the labour of many able minds before a satisfactory solution is arrived at. To make a united Empire, such as you have in Germany, and such as, in the largest sense of the word, you have in the United States—to make that out of the scattered elements of the Queen's Empire, you have two difficulties: you have to found a union for war, and a union with respect to customs policy. Your difficulties with respect to a customs policy you know. A "Kriegsverein" means some control of foreign policy. It means a balance or appraisement of the voting value of the different elements of which the Empire is composed. The matter is not one for vague sentiment; it is one for hard thinking, and the utmost effort that the strongest intellect of our time can give.'

Court of Appeal.

The Home-land and the Colonies may be more closely united by the establishment of an Imperial Court of Appeal. As Mr. Haldane has truly said, the administration of the supreme forms of justice by the best intelligences of the Empire would be for the common advantage of all the subjects of the British Crown. It would tend to uniformity in the laws affecting the moral and social conditions, and the laws commercial and maritime.

Universities. The opening up of the Universities of the home-land to colonial students would be a strong Imperial bond. We have to follow up the good work so well begun by the founder of the Rhodes Scholarships. Our Universities should be the central seminaries for the Empire, giving

instruction in the subjects most necessary for colonial students—in applied science, languages, and modern literature.

This enumeration is not exhaustive. Nor is it necessary to anticipate the many services which the mother-country, in a generous temper of mind, may render from time to time in the development of the daughter-States.

CHAPTER XV

CONCLUSIONS

Mr. Chamberlain, in the past, has rendered services in the noble cause of Imperial unity. It may be that the discussion which he has raised on tariffs and retaliation is not the least of those services. Mill, in his 'Essay on Liberty,' has some observations applicable to the fiscal controversy in which the country is now engaged:

Mill, Liberty, debate.

'The peculiar evil of silencing the expression of an opinion is that it is robbing the human race . . . those who dissent from the opinion, still more than those who hold it. If the opinion is right, they are deprived of the opportunity of exchanging error for truth; if wrong, they lose what is almost as great a benefit, the clearer perception and livelier impression of truth, produced by its collision with error. . . . The only way in which a human being can make some approach to knowing the whole of a subject is by hearing what can be said about it by persons of every variety of opinion. . . . No wise man ever acquired his wisdom in any mode but this. . . . Where the discussion of the greatest questions which can occupy humanity is considered to be closed, we cannot hope to find that generally high scale of mental activity which has made some periods of history so remarkable. Truth, thus held, is but one superstition

the more, accidentally clinging to the words which enunciate a truth.'

Mr. Chamberlain has spoken truly when he said that the fiscal controversy will not die. Below the surface, and not far below it, an undercurrent will for ever be set towards protection. The characteristics of human nature are persistent. Producers desire better prices, and wage-earners constant employment and better wages. In both classes many think they would gain by the exclusion of the foreigner. In the words of Sir Edward Grey: 'In this country, as in every other, the protectionist element is persistent and active, every industry which is lagging behind from lack of modern methods, of organisation, of education, of ability, or from whatever cause, jumps at the chance of protection. The whole combative instinct of the country cheers protection under the name of Retaliation.'

'How all men listen when thy muse complains!'

Free traders believe that it is not possible to bind the Empire together by tariffs sufficient in amount to give a substantial advantage to colonial producers, without heavily burdening the poorest in the motherland—those whose chief sustenance is bread. And turning to the Colonies, if it were possible to benefit the growers of wheat, are lumberers and producers of butter, of cheese, of fruit, of meat to receive no boon? If all are to command higher prices in our home markets, our burdens, already heavy, would become intolerable. There are better ways, as it has been said, of strengthening our imperial unity. We give to our colonial fellow-subjects the protection of our Imperial forces and the privileges

of British subjects. Nor indeed can the last word ever be said as to Imperial co-operation for defence and for the development of the resources of vast regions of the earth, which we hold in trust for the good of every nation.

Turn to retaliation. The vision of our little island, teeming with population, and yet to be in a large degree self-centred, self-supporting, barring out all foreign imports of the food on which we depend, and the commodities which we need, and have the instinctive wish to buy cheap, will surely become, with the lapse of time, the baseless fabric of a vision.

Free trade has presented nobler ideals. Nor has our generosity been without reward. Our trade, unhindered by tariffs, has surpassed the poet's dream:

The time shall come, when, free as seas or wind, Unbounded Thames shall flow for all mankind, Whole nations enter with each swelling tide, And seas but join the regions they divide; Earth's distant ends our glory shall behold, And the New World launch forth to seek the Old.

Our progress is the envy of capable observers in foreign countries. In glowing words List sounded high the praise of England. 'The enormous producing capacity and the great wealth of England are not the effect solely of national power and individual love of gain. The people's innate love of liberty and of justice, the energy, the religious and moral character of the people, have a share in it. The constitution of the country, its institutions, the wisdom and power of the Government and of the aristocracy, have a share in it.

The geographical position, the fortunes of the country, nay, even good luck, have a share in it.' 'England in its relation to the Continent of Europe has ever been a world by itself, and was always exempt from the effects of the rivalries, the prejudices, the selfishness, the passions, and the disasters of her Continental neighbours.'

So too Herr Schultze-Gävernitz as quoted by Mr. Harbutt Dawson from his work 'Zum sozialen Frieden': 'England is certain of a peaceful solution of its social perplexities and antagonisms. No Englishman doubts this, whether he be Conservative or Liberal, workman or employer. Nowhere does there exist in England that tendency to social pessimism which is so common amongst ourselves; nowhere in the lower classes of society exists the belief that salvation can only be found in the subversion and the destruction of the existing order; nowhere in the upper classes is it the idea that the chief thing is to do all that is necessary beforehand in order that "the sword may be drawn with a good conscience." Nowhere does the economic investigator meet on the part of the English workmen that deeply-rooted mistrust which causes the German workman to regard every man with a better coat than himself as an enemy, and most probably as a secret policeman. The English people form one nation. That is what I understand by social peace-not a condition that leaves no room for improvement, for such a state of things will never exist in this world.'

Our country has prospered, as no other country

has prospered, in open competition. It has braced our energies. It has stimulated all our faculties. It has created that noble spirit of independence which has made our British race sturdy, vigorous, and manly, and our empire a glory to ourselves, and the wonder and admiration of the world.

APPENDIX

Ι

PROTECTION TO FREE TRADE

10 years 10 years	1801 to 1831 1831 to 1841 1841 to 1851 1851 to 1902	Corn Laws and Protective taxes in full force Corn Laws and Protective taxes first relaxed Corn Laws repealed and Protective taxes largely remitted Imports entirely free of Protective taxes
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EXPORTS AND IMPORTS. TOTAL TRADE PER HEAD OF POPULATION, 1861-1904

II

Year	Population (Millions)	Exports. British and Irish Produce and Manufactures. Total value	Imports. Total value	Total Trade per Head of Population
		£	£	£
1801	_	42,000,000	Cannot be given, be-	
1811		35,000,000	cause the real value	
1821	20.9	36,000,000	of imports was not	
1831	24.0	87,000,000	ascertained prior to	
1841	26.7	52,000,000	1854	
1851	27.4	74,000,000		
1861	28.9	125,000,000	217,000,000	13.0
1871	31.5	223,000,000	331,000,000	19.5
1881	34.9	284,000,000	397,000,000	19.9
1891	37.7	247,000,000	435,000,000	19.7
1901	41.4	280,000,000	522,000,000	21.0
1902	41.9	283,000,000	528,000,000	20.9
1903	42.4	290,800,000	542,600,000	21.6
1904	42.8	300,711,000	551,438,000	21.11

III

ACCOUNTS RELATING TO TRADE

1905

EXPORTS

(Eleven Months ended November 30, 1905)

(2100	cmoer 00, 1000	')
		£	Increase compared with 1903
I. Food and Tobacco			2004 647
	• •	17,809,344	2,804,641
II. Raw Materials .		32,551,881	107,432
III. Articles Manufacture	d .	246,592,092	31,513,558
IV. Miscellaneous .		4,417,356	667,864
	Total	301,371,273	35,093,495
	Imports		
I. Food and Tobacco		211,976,201	422,876
II. Raw Materials .		107,950,227	14,420,233
III. Articles Manufacture	d .	130,161,457	6,688,661
IV. Miscellaneous .		2,085,711	38,754
	Total	512,173,646	21,570,524

IV

EXPORTS OF MANUFACTURES FROM FOREIGN COUNTRIES, 1902

United States.			£84,000,000
France			£95,000,000
Germany .			£154,000,000
United Kingdom			£233,000,000

v

ESTIMATED AVERAGE ad valorem Equivalent of the Import Duties Levied by the under-mentioned Foreign Countries and British Possessions on the principal Manufactures exported from the United Kingdom.

						F	er Cent
Russia							131
Spain						4	76
United	State	es					73
Portuga	al						71
Austria	-Hui	ngary					35
France		-			•		34

APPENDIX

								1	Per Cent.
Argentine	Rep	oublic	a						28
Italy .									27
Germany									25
Sweden									23
Greece .									19
Denmark									18
Canada (Pi	efer	rential	Tariff) .					17
Roumania									14
Belgium									13
3.7									12
New Zeala									9
Japan .									9
(77) 3									8
Switzerlan								•	7
	u .	•	•			•	•	•	6
Australia			•						
South Afri	can	Custor	ns Un	nion (Prefe	rentia	l Tar	iff)	6
China .									5
Holland									3
British Ind	lia								3

VI

TARIFF WAR. FRANCE-ITALY

		French imports into Italy (Italian statistics)		Italian imports into France (French statistics)
1880-1887	p	£12,000,000	Before the war	£14,300,000
1888-1898		6,000,000	During the war	5,300,000
1899-1901		6,600,000	After the war	6,000,000

VII

TARIFF WAR. FRANCE—SWITZERLAND

	J	Export	ue of Fren s to Switze lion france	erland	Expor	ue of Swiss ts to France lion francs
1891			214	Before tariff of 1892		124
1893			111	Tariff war		74
1896			177)		(81
1898			203	After Tariff war .		83
1902			217)		(111

VIII

BOARD OF TRADE SUMMARIES

TOTAL IMPORTS AND EXPORTS OF MERCHANDISE FROM AND TO FOREIGN COUNTRIES AND BRITISH POSSESSIONS

Countries whence	Total Imports								
imported	1900	1901	1902	1903	1904				
Total from British Possessions (in- cluding Protecto-	£	E	£	Œ	E				
rates)	109,640,921	105,864,880	106,916,457	118,670,792	120,018,408				
Countries	418,484,242	416,805,818	421,474,817	428,929,497	481,020,222				
torates) .	523,075,168	521,990,198	528,891,274	542,600,289	551,088,628				

Countries to which	Total Exports								
exported	1900	1901	1902	1903	1904				
Total to British Possessions (in- cluding Protec-	£	£	£	£	£				
torates)	94,484,875	104,878,821	109,091,856	111,146,864	111,987,870				
Countries Total to Foreign Countries and British Possessions (including	196,757,121	175,148,555	174,882,110	179,658,244	188,778,170				
Protectorates) .	291,191,996	280,022,876	288,428,966	290,800,108	800,711,040				

INDEX

Balfour, Mr., on national wealth, 22,

Balfour of Burleigh, Lord, support

Baroda, Maharajah of, appeals for

Bateman, Sir Alfred, on British and

--- on the growth of urban

Bayard, Mr., on protection in the

German trade, 12, 13

Barnardo, Dr., and his work, 167

155

free trade, 156

population, 76

United States, 149

- glass industry, 38

Belgian exports to India, 108

— on retaliation, 117
— on the course of trade, 119

protective tariff, 111

AFFORESTATION proposed by Mr. Keir-Hardie, 77 Agricultural depression, remedy for, distress, Parliamentary inquiries into, 44 - labourers' wages, 19, 20, 47 Agriculture and industries, interdependence of, 75 Akers-Douglas, Mr., and taxation of food, 64 Alaska Boundary award, possible effect of, 83 Alkali manufacture, British, 37 America, see United States Antwerp, trade of, 152 Argentina, British trade with, 115 Arnold-Forster, Mr., and taxation of food, 64 Ashley, Professor, and the British cotton trade, 33 — — and woollen manufactures, 35 - on protection in France, 55 --- statistics of linen industry, 36 Asquith, Mr., and the woollen trade returns, 34 — — on present-day tariffs, 132 Asquith's, Mr., trade catechism, 118 Atlantic Transport Line shipbuilding, cost of, 27 Australia, free trade and protection in, 60 Australian patriotism, 99 - - 'Melbourne Argus' on, 100 - tariff, the, 92

Belgium, agricultural labourers' wages in, 47 - prosperous under free trade, 152 Bell, Sir Hugh, condemns protection, - - on British iron and steel trade, 136 Bell, Mr. Seymour, on United States social conditions, 58, 59 Berlin, growth of socialism in, 48 Birmingham, Mr. Chamberlain at, 45, 72, 155 Björnson on the economic condition of Russia, 56 Black plates, growth of British exports of, 137 Blue-book, United States Colonial, 107, 113 - tariffs, Mr. Deakin on, 87 Board of Trade memorandum (1902), - Mr. Reid on, 86 12 Austrian exports to India, 108 - on colonial trade, 87 Bombay cotton industry, 38 Booth, General, and British drunken-BALANCE of trade, the, 13 ness, 163 —— — with the tropics, 107 Boots and shoes, British trade in, 39 Boston (U.S.), poverty in, 50 Bottles, glass, British trade in, 88 Bowley, Professor, on British imports, 128

- on imports and exports, 14 - on national progress, 21

- on wages, 19

Bradford, progress of, 36 - wool trade of, 85, 36 Brass, British exports of, 31

Bread, British and foreign prices

compared, 65

— dear under protective system, 44 Bread-riots and protection, 45

Bright, John, 45

Britain's free trade progress, 178 British and foreign shipping com-

pared, 26

- - trade compared, 7 - and German trade, Sir Alfred Bateman's comparison, 12, 18

- exports and population, 8 - imports of raw material, 144

- industrial pre-eminence, 33 - industries, aggregate product, 16

- industry, Mr. Chamberlain on, 24 - iron and steel exports and im-

ports, 28 - manufactures, exports of, 11, 16

- shipping, growth of, 26

- trade as affected by protection, 7

— — Mr. Fitzgerald on, 96 — — Mr. Forrest on, 95

- Mr. Lee Smith on, 95

— — Mr. Sutton on, 96 — — not unprofitable, 16

— — with India, 108

— — with neutral markets, 105

- work means good work, 158 Building trades, wages in the, 19

Bullion imports, 15

Burns, Mr. John, temperance statistics of, 163

Business training, Mr. Ruskin on, 160

Buttons, pearl, 39

Buxton, Mr. Sydney, and British trade with Russia, 126

CANADA, United States trade rivalry in, 158

Canadian corn, variation of yield, 71 - industries, protection for, 84

Canadian Manufacturers' Association, 85

- market, British neglect of, 159

Canadian patriotism, Mr. Aylesworth on, 100

- prosperity, 90

- railway statistics, 91

- tariff, 79

- increases duty on British goods, 81

— — Mr. Chamberlain on the, 80

- - Mr. Fielding on the, 81

- Sir Wilfrid Laurier on the, 82 - the 'Economist' on the, 84

- trade with Britain and the United States, 84

Caoutchoue, British imports of, 144 Cape preferential tariff, 87

Capital, Adam Smith on the employment of, 122

Carnegie's, Mr. Andrew, counsel of frugality, 164

Carpenters' wages under protective system, 44

Carpets, British, 85

Carroll, Mr., on German trade, 51

Catechism, trade, Mr. Asquith's, 118 Cecil, Lord Hugh, defines preference,

Chamberlain, Mr., advocates a tax on food, 147

- on Imperial reciprocity, 98

— — on improved national economic condition, 22, 23, 24

- - on protective corn duty, 45 - on the Canadian tariff, 80

— — opposes protection, 155

— — opposes retaliation, 139, 142 — — opposes taxation of food, 67, 72

Chamberlain's, Mr., fiscal proposals,

- - - the Duke of Devonshire on, 5

Chapman, Professor, and cotton exports, 32

Chemical trade, British, 37

- — German competition in, 159 China, British trade with, 114

Chiozza-Money, Mr., on imports, 14 Churchill, Mr. Winston, and protection, 148

Coal-miners' increased wages, 19 Coal-tar colour industry, German,

Cobden, Richard, 45

Cobden Club, Mr. Russell Rea's address to the, 26

Cocoa, proposed reduction of duty on, 4

Coffee, proposed reduction of duty on, 4 Collings, Mr. Jesse, on protection for

the farmer, 67

Colonial and Imperial co-operation, 172

Colonial Conference (1887), 101

— — (1894), advocates preferential tariff, 93
— — (1897), Mr. Chamberlain at the,

23

— — (1903), 130

- fiscal independence, 83

- preference, Mr. Chamberlain on, 147

- prosperity, 90

- recruits for army and navy, 173

— trade, Board of Trade on, 87 Colonies, non-contributories towards Imperial defence, 102

 self-governing, commercial advantages of, 101

Commercial education in Germany, 160

---- Consul Rose on, 161

- expansion, Adam Smith and, 106

progress of India, 112
treaties, German, 133

Commission on the Depression of Trade, 17, 61

Commission, Protective Tariff, 5 Companies, registered, growth of, in the United Kingdom, 16

Competition, European, 32

- home, 151 - Indian, 38

Compulsory insurance in Germany, 169

Congress of Chambers of Commerce of the Empire, 82, 98, 158 Consumers, projudiced by protection.

Consumers prejudiced by protection, 150

Co-operation, Imperial and colonial, 172

Co-operative societies, growth of, 17,

Corn dear under protective system,

- duty, Adam Smith on, 64
- a supposed remedy for rural depopulation, 74

--- by Lord John Russell, 68

Corn duty, protective, Mr. Chamberlain on, 45

Corn Laws, the, and British trade, 7

— — repeal of, 46

— — — result of, 121 — proposed duty on, 4

Corrugated sheets, growth of British exports of, 137

Cost of living in Britain and Germany compared, 48 Cotton, British exports of, 13

— imports of, 144

Cotton Employers' Parliamentary
Association, 34

- German exports of, to Britain, 13

- industry, British, 82

 British and German earnings compared, 46

— British supremacy in, 33 — European competition in, 32

Indian competition in, 33
'Quarterly Review' on, 42

- mills of the Southern United States, 58

operatives' improved wages, 19
 seed, British imports of, 145
 Court of Appeal, Imperial, 174

Cutlery trade, growth of British, 30

DAIRY produce, proposed duty on imported, 4

Dantsic, relief works at, 50

Dawson, Mr. Harbutt, and Prussian labourers' wages, 46

— — on protection in Germany, 53, 121

Day, Mr. J. T., and the boot trade, 39 Deakin, Mr., on Australian tariffs, 87

— on Victorian labour conditions,

Debate, liberty of, John Stuart Mill on, 176

Defence, Imperial, colonies and, 102 Denmark, agricultural labourers' wages in, 47

— prosperous under free trade, 152 Depression of trade in Germany, 51 Devonshire, Duke of, on protection,

148
— — on taxation of food, 69
— — on the Tariff proposals, 5

Diet, German workers', 48
Discontent, German workers', 54

Drink bills, national, 163 Drugs, dyes, and colours, British

trade in, 37

Drummond, Mr., on Canadian trade,

Dumping condemned in Germany,

- effect of, on British trade, 137 Düsseldorf, relief works at, 50 Dye-stuffs, British imports of, 145

EARNINGS in the chemical trade, 37 Earthenware and glass exports and imports, 37

East Ham, growth of population, 166

Economic condition of the Kingdom, Mr. Chamberlain on, 22, 23, 24

'Economist,' the, on the Canadian tariff, 84

Economists generally favour free trade, 156

Ecroyd, Mr., proposes a duty on corn, 67

'Edinburgh Review' on colonial sentiment, 103

Education in Germany, 160

- technical, needed in Britain, 160 Egypt, British trade with, 114

Electrical machinery, German com-

petition in, 159 Elgin, Lord, an advocate of free trade, 157

Elliot, Hon. A. R. D., a free trader, 156

Ellis, Mr., on Canadian trade, 158 Emigration, State-aided, to colonies,

Emmott, Mr., and cotton statistics,

Empire, unity of the, Lord Salisbury on, 174

Employment of capital, Adam Smith on, 122

- regularity of, 19, 48

Engineering trades, wages in the, 19 European competition in the cotton industry, 32

Exchequer, Mr. Chamberlain's proposals and the, 4

Expenditure, public, 170

Exports and population, 8, 12

- boots and shoes, 39

- British, and the Corn Laws, 7

- cheap jewellery, 39 - chemical trade, 37

- earthenware and glass, 37 - machinery, growth of, 29

- paper and stationery, 38

Exports to protected countries, 9 - value of British, 16

FAIR-TRADE, so-called, Mr. Chamberlain on, 141

Farms, fruit, British, 41

Fielding, Mr., on the Canadian tariff,

Finished goods, increasing output of,

Fiscal Blue-book, 11, 49, 87

- policy, change in, opposed by Indian Government, 110

— proposals, Mr. Chamberlain's, 4 Fisher, Mr., on the effect of protection, 92

Fitzgerald, Mr., on British trade, 96 Flax, British imports of, 145

Flax-spinning industry, Irish, 86 Flour, proposed duty on, 4

Food cheaper under free trade, 46 - German workers', 48

- proposed taxes on, 4

- tax advocated by Mr. Chamberlain, 147

- incidence of, 67 - Lord Goschen on, 67

- - opposed by Mr. Chamberlain, 72, 98

- - Sir John Gorst on, 69 - Sir Robert Peel on, 69

- - the Duke of Devonshire on, 69 Foreign investments, interest on, 14 Forrest, Mr., on British trade, 95

Foster, Mr. G. E., advocates preferential tariff, 94

Fox, Mr. A. Wilson, on the agricultural labourer, 20

France, agricultural labourers' wages in, 47

- and Italy, tariff war between, 132

— and protection, 55

- and Switzerland, tariff between, 133

- British trade with, 128

- effect of protection in. 150 - growth of urban population in, 76

- hours of labour in, 48 - pauperism in, 50

- price of wheat in, 65

Free trade, Adam Smith's advocacy of, 14

- and protection in Australia, 60

— — and shipping, 27

- and the cotton industry, 84

- colonial, Lord Rosebery on, 118

Free trade, Indian, and Lord George Hamilton, 111

- List on, 151

- Lord Rosebery and, 24, 46

- Mr. Gladstone's conclusions on,

— — national prosperity under, 152 - Sir Robert Peel on, 143, 144

- - the 'Standard' on the benefits of, 146

French exports and population, 8

- to Argentina, 115

-- to India, 108

- manufactures, exports of, 11

- railway construction under a protective tariff, 129

- shipping, 26

- trade, effect of protection on, 121

- with neutral markets, 105 Friendly societies, growth of, 17 Fruit cultivation, British, 41

GALVANISED sheets, British exports of. 31

Garden city, Letchworth, 164

German and British trade, Sir Alfred Bateman's comparison, 12, 13

- exports and population, 8

- to Argentina, 115

- to Britain, 18

— — to India, 108 - glass bottles, 38

- imports exceed exports, 15

- labour registry offices, 170

- shipping, 26

- decline in, 28

- trade, effect of protection on, 121 - with neutral markets, 105

Germany and Russia, tariff war between 133

- British trade with, 130

- cost of living in, 48

- drink bill of, 163 - education in, 160

- growth of urban population in, 76

- hours of labour in, 48

- local advantages of, 9

- Lord Goschen on protection in, 60 - Mr. John Morley on wages in, 47

- price of wheat in, 65

- taxation in, 54 - unemployed in, 50

Giffen, Sir Robert, on British and German progress, 9, 10

- on the progress of the nation, 21

Gladstone, Mr., on tariff treaties, 132 Gladstone's, Mr., conclusions on free trade, 145

'Glasgow Budget,' Duke of Devonshire's opinion, 6

Glasgow, Mr. Chamberlain's address

Glass, German exports of, to Britain,

- trade, British, 38

Gold exports and imports, 15

Gorst, Sir John, on taxation of food,

Goschen, Lord, on German shipping, 28

- on preferential tariffs, 99

- on taxation of food, 67

— — on the failure of protection, 60 Grey, Sir Edward, on protection, 135, 177

- on retaliation, 117

Growth of urban population, 76

Guildhall, Duke of Devonshire at the, 148

Gums, British imports of, 145 Gutta percha, British imports of, 145

HADLEIGH, Salvation Army colony

at, 168 Haldane, Mr., and technical educa-

tion, 160 - - and the chemical trade, 37

Halifax, Lord Goschen at, 60 Hamburg-American Line, diminishing dividends, 28

Hamilton, Lord George, and British import duties, 184

— — and free trade for India, 111

— — on Indian trade, 109 --- on proposed import duties, 66 Harcourt, Sir William, an advocate

of free trade, 157 Hats, straw, British exports of, 39, 40

German exports of, 39, 40

Hemp, British imports of, 145 Hertslet, Sir Cecil, and Belgian trade,

Hicks-Beach, Sir Michael, a free trader, 157

Hides, British imports of, 145 Holidays, Professor Smart on, 20

Holland prosperous under free trade,

Home competition, 151

- industries, protection for, 5

Home market more important than foreign, 15 - products made dearer by import duty, 65 Hongkong, trade of, 118

Hops, British, 40

- variations in prices of, 41

Hours of work, 20

- - in Britain and abroad, 48

Housing problem, the, 164

Hungary, agricultural labourers' wages in, 47

Hunter, Mr. R., and poverty in the

United States, 50

IDEAL, Mr. Chamberlain's, 154 Ilford, growth of population, 166 Imperial and Colonial co-operation,

Imperial Council, proposed, 173 Imperial Court of Appeal, 174

- Customs tariff impossible, 88

- defence, colonies non-contributories to, 102

- reciprocity, Lord Salisbury on, 97 - Mr. Chamberlain on, 98

Import duty, effect of, on home products, 65

- on woollen goods useless, 35

- trade and shipping, 123 Imports, Adam Smith on, 14

- Board of Trade classification, 12

- boots and shoes, 39

- British, for consumption, 12 -- of raw material, 144

- Professor Bowley on, 123

— Canadian, comparison of, 80 - earthenware and glass, 37

- excess of, over exports, 14, 15

- manufactured, proposed duty on, 5

- of silk goods declining, 37

- of woollen manufactures, 35

- tropical, 107

Incidence of food taxation, 67 Income of working classes increasing, 17

- subject to taxation, growth of,

Increasing wealth, how distributed,

India, trade statistics of, 108, 109 Indian commercial progress, 112

- competition in the cotton indus-

- free trade, Lord George Hamilton and, 111

Indian Government opposes change in fiscal policy, 110

Indian National Congress, 111

- trade, Lord George Hamilton on, Industrial destitution under a pro-

tective system, 44 - profits becoming more widely

distributed, 17 Industries and agriculture, inter-

dependence of 75

- British, aggregate product, 16 Inferior goods neglected by British producers, 158

Inland Revenue Commissioners' returns, 16

Inquiries, Parliamentary, 44

Insurance, compulsory, in Germany,

- State-aided, 169

Ipswich, Mr. Chamberlain at, 45 Irish linen industry, 36

Iron and steel, British exports of, 13 — — German dumping of, 186

— — — exports of, to Britain, 13

British, 138 --- 'Quarterly Review' on,

42 - - Sir Hugh Bell on, 28, 136

——— wages in the, 19

Ironworkers' wages under protective system, 44

Italian shipping, 26

Italy and France, tariff war between,

--- price of wheat in, 65

JACKSON, Mr. F. H., on the trade of London, 125

James of Hereford, Lord, supports free trade, 156

Japan, British trade with, 114

Java, trade development of, 113 Jewellery, cheap, British exports of,

Jute, British imports of, 144

Keir-Hardie, Mr., proposes afforestation, 77 Kent hops, 41

LABOUR Commission (1894), 62 - improving conditions of, 19

Labour in the cotton industry, 33 - registry offices, German, 170 - settlements in Victoria, 168 Labourers, agricultural, improved condition of, 19, 20 Lancashire output of cotton, 32 Laurier, Sir Wilfrid, on the Canadian tariff, 82, 83 - - on Imperial Customs tariff, 89 Leather, British imports of, 144

Leipsic, relief works at, 50 Letchworth, garden city at, 164 Linen industry, Irish, 36 - yarn, British imports of, 145 Linseed, British imports of, 144 List, Friedrich, on agriculture and industries, 75

— — on Britain's progress, 178

- on free trade, 151 - - on tropical trade, 115 Liverpool, Sir Wilfrid Laurier at, 83 Living, cost of, in Germany, 48 Loaf, prices of, British and foreign,

London Bankers' Clearing House, business increase, 16

- growth of population of, 165 - trade of, Mr. F. H. Jackson on the, 125

- - Mr. Methuen on the, 124 — — Mr. Schuster on the, 125 Londonderry, Lord, and taxation of food, 64

Lotz, Professor, on protection in Germany, 53

Luton straw-hat industry, 40

MACHINERY exports, growth of, 29, 137

McKinley, President, on the course of trade, 120

McKinley tariff, American opinion of the, 127

- and British timplates, 30, 31

- - and woollen goods, 35 Mail services, subsidies for, 172

Manhattan, poverty in, 51 Mansion House, General Booth at

Manufactured goods, British trade in, 123

- imports, proposed duty on, 5

- products, Board of Trade classification, 12 Manufactures and protective tariffs, 9 Manufactures, British imports of,

Masons' wages under protective system, 44

Massachusetts, working hours in,

Meat, foreign, proposed duty on, 4 Mechanical industries, workers and wages in the, 29

'Melbourne Argus' on Australian patriotism, 100

Mercantile marine, growth of, 21 Meredith, Mr., and protection in France, 121, 150

Metal-ware imports, Sir Hugh Bell on, 28

Metals, British imports of, 144

Methuen, Mr., on the trade London, 124

Mill, John Stuart, on liberty of debate, 176

Miners' wages under protective system, 44

Montreal Congress of Chambers of Commerce of the Empire, 158

- Mr. Fisher at, 92

- Sir Wilfrid Laurier at, 82, 89 Morley, Mr. John, on German wages,

Movement of trade, the, 11 Munich, relief works at, 50 Musical instruments, British imports of German, 167

NATAL preferential tariff, 87 National economic condition, Mr. Chamberlain on, 22, 23, 24

- progress, Professor Bowley on, 21 - Sir Robert Giffen on, 21

- wealth, Mr. Balfour on, 22, 155 Neutral markets, exports to, 10

— trade with, 105 New South Wales, free trade in, 60

New York, poverty in, 51 New Zealand, prosperity of, 91

North-German Lloyd, diminishing dividends, 28

Northbrook, Lord, an advocate of free trade, 157

Norway, agricultural labourers' wages in, 47

- prosperous under free trade, 152 Norwegian shipping, 26

Nottingham, Mr. John Morley at, 47 Nüremberg, relief works at, 50

Nuts, oil, British imports of, 145

OLD-AGE insurance in Germany, 169 Oppenheimer, British Consul, and German protection, 150

Ottawa, Colonial Conference a (1894), 93

Over-crowding, 163

Over-production in Germany, 51

- the result of protection, 150

PAPER industry, British, 38 Paper-making materials, British imports of, 145

Parliamentary inquiries into agricultural distress, 44

Patriotism, Australian, 99

— — 'Melbourne Argus' on, 100 — Canadian, Mr. Aylesworth on, 100

Pauperism, British and foreign compared, 50

- increase of, 21

- under a protective system, 44

Pearl buttons, 39 Peel, Sir Robert, 45

——— on free trade, 143, 144

— — on taxation of food, 69

Peel's, Sir Robert, fiscal policy,
results of, 120

Pianos, British imports of German, 159

Pig iron consumption, 'Quarterly Review' on, 42

- exports, British, 28

Plaistow, growth of population, 166 Plates and sheets, growth of British exports of, 187

Play, Le, on workers' ownership of their houses, 164

Poor-rates and protection, Mr. Chamberlain on, 45

Population, English, growth of, 165

London, growth of, 165
urban, growth of, 76

Post Office savings bank as a test of progress, 17

Postal subsidies aid Imperialism, 172 Poverty in the Unites States, 50

Preference, Lord Hugh Cecil's definition of, 89

Preferential duties and the Empire, 4

— — Lord Goschen on, 99

- Lord Salisbury on, 97

— — Victorian, 86

Printing trade, wages in the, 19
Profits of industry becoming more
widely distributed, 17

Protection and agriculture, 44

Protection and free trade in Australia, 60

- destructive to shipping, 27

— effect of, on wages, 118

general effects of, 149
in France, 55, 121, 150

— in Germany, 52, 121

— in the United States, 57, 58, 149

influence of, on British trade, 7
 Lord Goschen on the failure of,

— means impoverishment of Britain,

- no remedy for trade depression,

— opposed by Mr. Chamberlain, 155

— prejudices consumers, 150

Sir Edward Grey on, 135, 177
Sir Robert Peel on, 144

— the Duke of Devonshire on, 148 Protectionist fallacy exploded, 16

Protective duties opposed by Mr. Chamberlain, 140, 142

- opposed by Select Committee on Tariffs, 189

- duty on corn, Mr. Chamberlain on, 45

Protective Tariff Commission's recommendations, 5

— tariffs an obstruction to trade, 8 Prussia, labourers' wages in, 46

— unemployed in, 50

Public expenditure, Lord Rosebery on, 170

'QUARTERLY REVIEW' on the progress of trade, 41

RACIAL sympathies the true Imperial bond, 103

Railway construction, French, under a protective tariff, 129

- savings banks, growth of, 18

— statistics, Canadian, 91 — traffic, increase of, 16

Raw material, British imports of,

— Mr. Chamberlain opposes taxation of, 98

— the bulk of Indian exports, 110 Rea, Mr. Russell, on British shipping,

Reciprocal trade policy, Canadian, 85 Reciprocity, Imperial, Lord Salisbury on, 97 Reciprocity, Imperial, Mr. Chamberlain on, 98, 139

Reduction of hours to meet trade

depression, 50

Regularity of employment, 48 Reid, Mr., on Australian tariffs, 86 Retaliation, Adam Smith on, 118

- effect of, on British trade with France, 128

- on British trade with Germany, 129
- on British trade with Russia, 126
- on British trade with the United States, 127

- Mr. Balfour on, 117

- opposed by Mr. Chamberlain, 189,
- possible results of, to British trade, 134

- Sir Edward Grey on, 117 Rhodes university scholarships, 174

Ripon, Lord, an advocate of free trade, 157

Ritchie, Mr., on the growth of taxation, 66

Rose, Consul, on commercial education in Germany, 161

Rosebery, Lord, and free trade, 24, 46 — — on colonial free trade, 113

— — on public expenditure, 170 Royal Commission on Labour, 61 Rural depopulation, corn duty a

supposed remedy for, 74 Ruskin, Mr., on business training,

Russia, agricultural labourers' wages

- and Germany, tariff war between, 133

- British trade with, 126

- economic condition of, 56 Russian exports to India, 108

Russell, Lord John, opposed to taxation of food, 68

Sailors' increased wages, 19 St. Helens glass trade, 38 Salisbury, Lord, and proposed duty on corn, 64

- on preferential tariffs, 97 - on unity of the Empire, 174 Salvation Army colony at Hadleigh,

Savings banks a test of progress, 17 Schools, technical, German, 162

Schultze-Gävernitz on English social life, 179

Schuster, Mr. Felix, on the trade of London, 125

Schwabach, Consul-General, on German trade, 51, 52

Select Committee on Tariffs (1840),

Self-governing colonies, commercial advantages of, 101

Semi-manufactured goods, 123

Sheets, galvanised and corrugated, British exports of, 187

Sheffield, Mr. Balfour at, 117, 119 Sheffield's prosperity and the growing cutlery trade, 30

Shipbuilding, growth of British, 137 - relative cost of, 27

Shipping and the import trade, 123

— earnings of British, 14 - growth of British, 26

Shoemakers' wages under protective system, 44

Shoes, British trade in, 39 Silk, British imports of, 145

- trade, British, 36

— French, 128 — 'Quarterly Review' on, 42 Singapore, trade development of, 113 Skins, British imports of, 144

Smart, Professor, on imports and exports, 15

— — on specialisation, 123 - on the weekly holiday, 20 Smith, Adam, and commercial expan-

sion, 106 --- on Colonial independence, 83

- on corn duty, 64 — — on free trade, 14

- on retaliation, 118

- on the employment of capital,

Smith, Mr. Lee, and British free trade, 95

Socialism, growth of, in Berlin, 48 Socialists, German, and taxation, 54 Specialisation, Professor Smart on,

Spicer, Mr., and the British paper

industry, 38 'Standard,' the, on the advantages of free trade, 146

State-aided insurance, 169

Statesmen generally favour free trade, 156

Stationery, British, 38

Steel, German dumping of, 186

Steel trade, British and German
earnings compared, 47

— British, Sir Hugh Bell on, 136

— present position of British, 138

— see also Iron
Strassburg, relief works at, 50
Straw, hat-making, British imports
of, 145
Straw-hat industry, British, 39
Straw-plaiting, British imports of, 40

— German imports of, 40
Submerged tenth, the, 166
Sugar, proposed reduction of duty
on, 4
Sussex hops, 41
Sutton, Mr., on British trade, 96

Sutton, Mr., on British trade, 96 Sweating in Victoria, 61 Sweden, agricultural labourers' wages

in, 47 Switzerland and France, tariff war

between, 133

— prosperous under free trade, 150

Tailors' wages under protective system, 44

Tallow, British imports of, 145 Tariff, Cape preferential, 87

Imperial not feasible, 88
Natal preferential, 87

- treaties, Mr. Gladstone on, 132 Tariffs, Australian, Mr. Deakin on, 87

- - Mr. Reid on, 86

 differential, recommended by Commission, 5

- preferential, Lord Salisbury on, 97

- Victorian, 86

— protective, an obstruction to trade,

Tariffs, Select Committee on, 139 Taxation and wastefulness, 171

- low in Belgium, 153

- Mr. Ritchie on the growth of, 66

- results of, on cotton trade, 34 - universal in Germany, 54

Taxes on food, proposed, 4

Taylor, Mr. Austin, and American shipping, 27

Tea, proposed reduction of duty on, 4 Technical education in Germany, 160

— needed in Britain, 160 — schools, Manchester, 162

- Sheffield, 162

Textiles, exports and imports of, 31 Thompson, Sir John, on Imperial unity, 98 Thrift, growth of, 19
'Times,' the, on German taxation,

Tinned plates, growth of British exports of, 187

Tinplate trade, British, 30 Tobacco, British imports of, 145 Toronto, Mr. Drummond at, 85 Town population, growth of, 76

Toys, British imports of German, 167

Trade catechism, Mr. Asquith's, 118
— depression in Germany, 51

-- Prussian Government recommendation, 50

 increases, comparison of, 11
 progress, 'Quarterly Review' on, 41

- protection in France, effect of, 129

— — in Russia, effect of, 129

— unionists, percentage of unemployed, 49

Tropical trade, List on, 115
Tropics, trade with the, 105, 107
Turgot on Imperial tariff, 92
Turner, Sir George, and preferential
tariffs, 86

UNEMPLOYED trade unionists, British,

——— French, 49

— — New York State, 49
Unionist Free Food League, 144
United States, agricultural labourers'
wages in, 47

- British trade with, 126

— — Commission on the Mercantile Marine, 27

— — competition in Canadian markets, 158

- drink bill of, 163

--- effect of protection in the, 149

— — exports and population, 8 — — to Argentina, 115

— — to India, 108

— growth of urban population in, 76

- - hours of labour in, 48

— — Lord Goschen on protection in,

— — manufactures, exports of, 11

— poverty in, 50 — protection in, 57

— shipping, 26 — social condition of, 58 INDEX 195

United Textile Factory Workers' Association, 34 Urban population, growth of, 76

VICTORIA, effect of protection in, 60, 61

- labour settlements in, 168

- preferential tariffs in, 86

Vorst, van, Mrs. and Miss, on American cotton mills, 58

Wages bill of the United Kingdom, 15

- effect of protection on, 118

- English and German, compared,

- in the United States, 58

— increased, in the chemical trade, 37

- under free trade, 46

- - protective system, 44

Walpole, Sir Spencer, on industrial destitution, 44

Walthamstow, growth of population, 166

Wasteful public expenditure, 170

Wastefulness the sting of taxation, 171

Wastches, British imports of, 31

Wealth, increasing, how distributed,

Wealth, national, Mr. Balfour on, 22, 155

Western Australia, attractions of, 91 Wheat, prices of British and foreign, compared, 65

— see also Corn

Willesden, growth of population, 166 Wood, British imports of, 144

Wool, British imports of, 144

Woollen goods, British exports of, 13,

— German exports of, to Britain,
13

- industry, importance of home market, 85

— manufactures, British imports of, 35

— exported and imported, 34, 35

- trade, British and German earnings compared, 47

—— 'Quarterly Review' on, 42
Working classes, improved condition
of British, 61, 62

- hours, 20

— man's position, Duke of Devonshire on the, 5

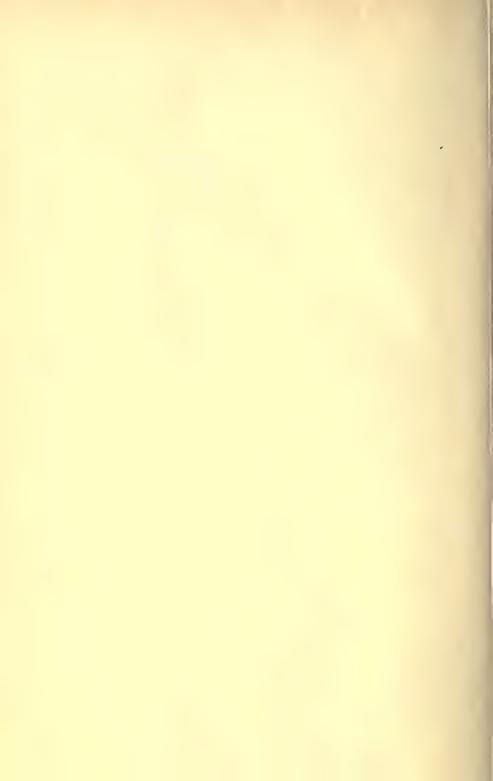
Workshop of the world, Britain the, 24

Wynen, Mr. J., on British and Belgian progress, 154

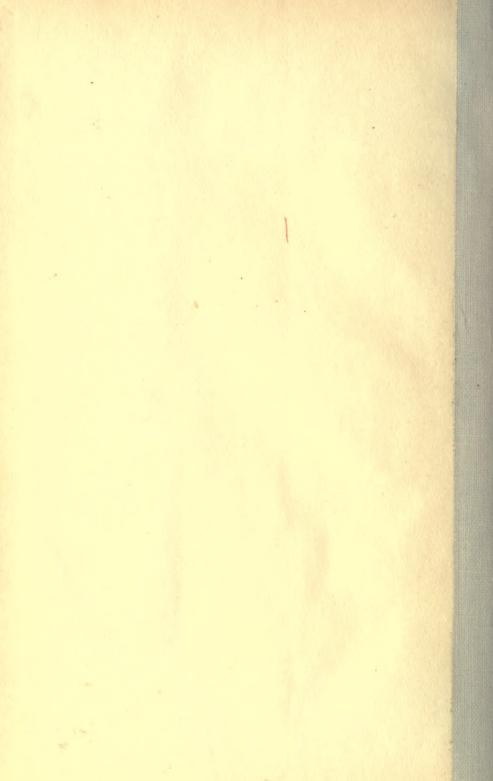
YORKSHIRE wool trade, 35











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